

**EVALUATING SUPPLIER DIVERSITY DEVELOPMENT PROGRAMS  
(SDDP) FROM THE DIVERSE SUPPLIER ENTERPRISE (DSE)  
PERSPECTIVE IN THE FACILITY MANAGEMENT INDUSTRY**

A Dissertation  
Presented to  
The Academic Faculty

by

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EVALUATING SUPPLIER DIVERSITY DEVELOPMENT PROGRAMS (SDDP) FROM  
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MANAGEMENT INDUSTRY

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## **LIST OF SYMBOLS AND ABBREVIATIONS**

SDDP	Supplier Diversity Development Program
SD	Supplier Diversity
DSE	Diverse Supplier Enterprise
PO	Purchasing Organization
CSR	Corporate Social Responsibility
MBE	Minority Business Enterprise
FM	Facility Management
SCD	Supplier Capacity Development
SCM	Supply Chain Management
LPO	Large Purchasing Organization

## SUMMARY

Supplier diversity refers to the practice of creating opportunities for historically underutilized populations in the workforce and business arena. Supplier diversity encompasses initiatives specifically designed to increase the number of enterprises owned by people from ethnic minority groups who supply public, private, and/or voluntary sector organizations with goods and services (Ram & Smallbone, 2003). Supplier diversity initiatives were once driven solely by governmental policies focused on ethnic minorities. Also, minority vendor purchasing programs were designed to increase the volume of goods and services purchased by corporations from minority-owned businesses (Giunipero, 1981).

Over the years, the supplier diversity landscape has changed; diversity initiatives now target a much larger segment of the population. The practice of supplier diversity is now driven by organizational strategies, business performance objectives, corporate social responsibility, socioeconomic development, and market penetration goals for both public and private organizations. As the demographics of the United States change, there will be a greater need for purchasing organizations (POs) to engage and conduct business with diverse supplier enterprises (DSEs), which will compose a greater segment of the supply chain than ever before. The organizations adopting effective diversity initiatives and programs will benefit in various ways, including (a) greater supply chain competitiveness and service delivery; (b) enhanced organizational reputation and brand equity; (c) increased product and service sales opportunities in diverse markets; and (d) positive socioeconomic development gains in diverse communities.

Considering these business benefits, programs designed to foster the development of diverse supplier populations must be capable of facilitating the achievement of such outcomes. Despite the efforts that have been made to promote buyer-seller relationships between large corporations and DSEs, the approaches and challenges involved in these relationships continue to be misunderstood (Pearson, Fawcett, & Cooper, 1993).

Guided by the existing literature related to supplier diversity, this qualitative phenomenological study investigated the current state of Supplier Diversity Development Programs (SDDP) from the diverse supplier perspective. Primarily this research illuminated the (1) lived experiences of DSE Supplier Diversity Development Program participants (2) investigated the extent to which SDDPs eliminate or mitigate barriers/impediments to diverse suppliers previously identified in academic literature, and (3) evaluated the impact of SDDP participation on DSE business capacity development. This study explored and evaluated Supplier Diversity Development Programs to serve as a guide for (a) public and private POs in the facility management industry that currently utilize some supplier diversity development programs and (b) organizations seeking to implement SDDPs in the future. This research identified and posited a series of recommendations for the improvement of existing programs and the creation of new Supplier Diversity Development Programs. This research found that a Supplier Diversity Development Program that aligns program expectation with program delivery will result in greater levels of positive program participation outcomes. In addition this research study found SDDP mitigates DSE barriers/impediments and impacts DSE business capacity development, by way of building relationships, administering education, raising awareness, and creating platforms for access and engagement.

## **CHAPTER 1:**

### **INTRODUCTION**

Diversity and inclusion initiatives can be traced back to the civil rights movement in the United States during the 1960s. The concept of “supplier diversity” came to fruition in 1969 through the creation of Executive Order 11458, which was signed by President Richard M. Nixon. This order established the Office of Minority Business Enterprise for the purpose of mobilizing federal resources to aid minorities (Giunipero, 1980). Later on October 24, 1978, President Jimmy Carter signed Public Law 95-507, which mandated the utilization of minority contractors on federal construction projects with a cost in excess of \$1,000,000 (Bates & Williams, 1995) .

Supplier Diversity Development Programs (SDDPs) are administered by large purchasing organizations. The majority of programs are managed and directed by private corporations but diversity based development programs are carried out in the public sector as well. SDDPs are designed and orchestrated with the intent of improving a supplier’s ability to successfully respond to procurement opportunities within a public or private sector purchasing organization. In many cases company sponsored supplier development programs are positioning participating suppliers for existing internal purchasing opportunities or identified areas of future need. Supplier Diversity Development Programs are a means of sourcing and developing supply chain talent with the goal of creating competitive advantage, driving innovation, and increasing efficiency.

Early on, supplier diversity initiatives and programs were targeted at members of ethnic minority groups, including Black Americans, Spanish Americans, American

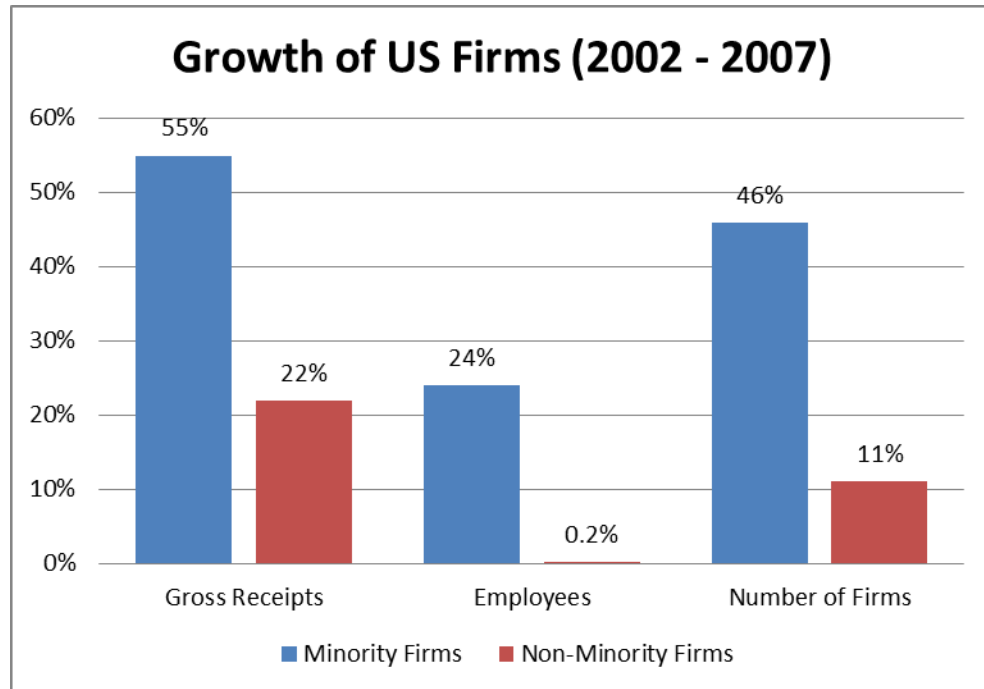
Asians, American Indians, American Eskimos, and American Aleuts, all of whom were deemed socially or economically disadvantaged (Giunipero, 1980). However, modern-day categorizations related to supplier diversity and underutilized population groups include gender, sexual orientation, military service classification, and physical ability. As the definitions of “minority” or “underutilized populations” have expanded, efforts to encourage greater participation by diverse supplier enterprises (DSEs) in both the public and private sector supply chain have also expanded.

Public policy has been essential in encouraging wide scale adoption and implementation of supplier diversity practices by both public and private sector purchasing organizations (Bates, 2001). Governmental intervention has been a major catalyst in the development of supplier diversity initiatives in many corporations across the United States, with legislation playing a formative role in shaping opportunities for ethnic minority enterprises and other disadvantaged businesses through the federal procurement process (Worthington, Ram, Boyal, & Shah, 2008). Mandatory minority business participation provided the impetus for U.S. corporations to develop supplier diversity programs to gain access to public sector procurement contracts or retaining contracts already procured (Carter, Auskalnis, & Ketchum, 1999). Supplier diversity may have originally emerged via carefully crafted public policy mechanisms, but it is now driven primarily by demographic trends that cannot be ignored. Demographic statistics related to minority and women owned business growth are provided in Table 1.1. The recognition of the need to engage more fully with ethnic minority businesses has been significantly underpinned by the process of demographic change (Dollinger, Enz, & Daily, 1991).

**Table 1.1 – Demographics of All United States Businesses-Source: (Census, 2007)**

<b>Demographics of All United States Businesses</b>		
	Number of All Businesses	Share of All Businesses (%)
Male Owned	14,545,000	51.3
Woman Owned	8,086,000	28.7
Equally Male and Female	4,790,000	17.0
Minority Owned	5,989,000	21.3
Veteran Owned	2,536,000	9.0

Data projections suggest that by the year 2045, minorities will constitute 46% of the U.S. population, with minority population growth between the years 2000 and 2045 representing 86% of total population growth (MBDA, 1999). Similar trends are evident on the supply side, with minority-owned firms growing at nearly 17% per year, which is 6 times the growth rate of all firms (MBDA, 1999). Such a staggering rate of growth can potentially position the minority business community as the most influential market in the American economy. An illustration of minority firm growth is denoted in Figure 1.1.



**Figure 1.1 – Growth of U.S. Firms (2002-2007)-Source: (Census, 2007)**

The “browning” of America is the most significant factor affecting future population formation and growth. In terms of browning, White Americans are currently the majority racial group, but as this population group ages and minority population groups (e.g., Hispanics) grow, the United States will be more reflective of a browner majority. Current and projected demographic trends are at the forefront of driving business decisions for many corporations and public entities related to diversity. These projections were considered an “eye opener” for corporate America (Ram & Smallbone, 2003). Both the public and private sectors realize that the population growth of today represents the workforce, suppliers, and consumers of tomorrow. With this in mind, public and private sector purchasing organizations are strongly pursuing access to market share, supply chain competitiveness, and brand equity through the utilization of and partnership with DSEs (Min, 2009) .

In addition to changing demographics, both public and private entities see a social benefit in promoting diversity and related initiatives. Supplier diversity is considered socially responsible purchasing (Carter et al., 1999) . In the public sector, diversity is assumed to drive socioeconomic development among groups of people that have been historically underrepresented across many facets of life and disenfranchised simply because of their ethnicity, sexual orientation, military status, physical ability or gender. Supplier diversity programs, in effect, offer a local authority an opportunity to address some of the key economic, social, and environmental challenges it faces; by contributing to the development and delivery of its public sector community strategy (Worthington et al., 2008).

The opportunities that diversity initiatives facilitate allow for the formation and growth of constituencies that become active participants in their communities (Watson, Brooks, Arnold, Mason, & McEachron, 2003). Private sector entities view diversity as an opportunity to reinforce values and principles that complement their existing goals and initiatives related to corporate social responsibility (CSR). Corporate social responsibility refers to an organization going beyond basic compliance standards and engaging in actions that appear to further some social good beyond the interests of the firm and legal requirements (Shah & Ram, 2006). Encouraging corporate social responsibility via diversity initiatives strengthens a firm's relationships with its stakeholders and consumer groups that view diversity as important, which in turn positions the company as more than just a consumer goods and services company. A strong perception of CSR enables a company to connect with stakeholders or consumers at a "shared value level," which is



beyond the product or service level and which also creates long-term relationships between consumers and service providers (Carter & Jennings, 2000).

Supply chain resilience is another factor driving the adoption and implementation of diversity initiatives such as SDDPs. Supply chains are complex adaptive systems similar to social-ecological systems (Walker & Salt, 2006). A supply chain is unpredictable and must be resilient in order to handle disruption. Supply chain resilience comes in the form of diversity. SDDPs allow for the cultivation of diverse supply chain participants that can provide similar services but respond differently to similar situations which allow supply chain performance to be sustained over a wider range of conditions. The capability for a supply chain to exhibit a range of different responses is known as response diversity in the sociological and ecological disciplines, and it's this aspect of diversity that is critical to supply chain resilience (Walker & Salt, 2006).

### **Statement of the Problem**

Supplier diversity is a relatively new concept, emerging less than 40 years ago, which means it is part of an ongoing discussion and an evolving discipline. Academic researchers have examined the impact of public policy on supplier diversity (Bates, 1995, 2001; Bates & Williams, 1995; Lanoue, 1995), identified and analyzed impediments to supplier diversity (Carter et al., 1999; Dollinger et al., 1991; Pearson et al., 1993), researched methods of developing effective supplier diversity programs (Giunipero, 1981; Krause, Ragatz, & Hughley, 1999; Min, 2009), and studied factors and drivers influencing supplier diversity (Giunipero, 1980; Kochan et al., 2003; Worthington et al.,

2008). A list of the barriers/impediments identified by Dollinger et al. (1991) and Pearson et al. (1993) are provided in Table 1.2 and Table 1.3.

**Table 1.2 – Transaction Cost Impediments-Source: (Dollinger et al., 1991)**

<b>Transaction Cost Impediments</b>
Atmosphere
Opportunism
Small Numbers
Information Assymetry
Complexity
Business Uncertainty
Production Uncertainty

**Table 1.3– Most Prominent MBE Impediments-Source: (Pearson et al., 1993)**

<b>Most Prominent MBE Impediments</b>
MBE's are often undercapitalized
Buyers rely on their "old-boy networks for supplier
MBE's become disillusioned with corporate bureaucracy
Buyer's use MBEs just to satisfy statistics
Buyers are inconsistent in implementing MBE programs
Governments don't enforce regulation on MBE purchasing
Lack of corporate commitment to MBE purchasing programs
Only small-volume orders are placed with MBE's
It's hard for MBE's to get their foot in the door
Buyer's don't know much about minority-owned firms

Although existing literature provides some insight into the current state of supplier diversity, two problems still exist: (1) The majority of the research that has been conducted to date regarding Supplier Diversity Development Programs (SDDP) is presented from the perspective of large public or private purchasing organizations with minimal consideration of the suppliers perspective. This being the case the experiences of the diverse supplier enterprise (DSE) related to SDDP have yet to be fully understood or

contextualized. (2) Most researchers have examined supplier diversity initiatives from the viewpoint of ethnic minority groups only, which is quite antiquated because “diversity” now encompasses population groups categorized on the basis of gender, sexual orientation, military service classification, and physical abilities. The practice of supplier diversity requires a more nuanced view, which focuses on the conditions that can leverage benefits from diversity or, at the very least, mitigate its negative effects (Kochan et al., 2003). Without the proper level of insight from current diverse supplier population groups, there are limited opportunities to improve Supplier Diversity Development Programs.

Extant literature does not represent, investigate, or analyze the phenomena of SDDP through the lens of the current target participant population group in order to gain a meaningful understanding of their experiences related to SDDP. The gaps created by the current body of research present a major deficiency for supplier diversity, and more importantly the development of supplier diversity development programs in Facility Management. It is very difficult for SDDPs to optimize outcomes if they are not designed to truly meet and respond to the current needs of the of the prospective diverse supplier base.

### **Research Purpose**

This first chapter introduces the background of supplier diversity and its importance in the FM industry and also provides a level of contextual understanding for the current study. The purpose of this study is to provide a deeper understanding of the DSE experience in regards to participation in a Supplier Diversity Development Program.

Understanding the diverse supplier experiences in greater detail and depth will allow supplier diversity practitioners to design and facilitate higher quality SDDPs. Higher quality Supplier Diversity Development Programs will in turn be able to more effectively mitigate or eliminate barriers/impediments historically encountered by diverse supplier population groups. More importantly, this research will:

1. Provide a deeper understanding of Supplier Diversity Development Programs from the DSE perspective related to program participation experiences
2. Determine if barriers/impediments previously identified in academic literature for minority business enterprises (MBEs) are the same for diverse supplier enterprises (DSEs), identify the reasons they persist, and if new barriers/impediments have emerged, identify the sources of such barriers and their contributing factors.
3. Investigate the extent to which SDDP participation experience impacts DSE business capacity development
4. Develop a narrative based on identified themes from diverse supplier experiences related to SDDP participation that will provide insight to be utilized for future framework analysis and improved development of SDDPs.

The practical application of the results of this study will produce the following: (1) enhanced understanding of the current state of Supplier Diversity Development Programs; (2) More insight into supplier diversity from the diverse supplier's perspective; and (3) improvements in the creation, execution, and outcomes associated with SDDPs which can be applied to facility management organizations.

## Research Question

In many cases, the success of a supplier diversity program is measured by the dollar value of contracts awarded to DSEs by POs. Supplier diversity and procurement practitioners refer to contract dollar value as “spend”. However, the use of spend as a barometer for supplier diversity program success is a stale metric and also the source of disconnect between buyer and supplier expectations and program performance. Typically, diversity program growth is maintained by increasing both the total number of diverse suppliers and the annual expenditures made to them (Giunipero, 1980). In essence, current programs are not supplier *development* programs, but instead are supplier *purchasing* programs. Several additional metrics should be considered when evaluating the validity and competency of a supplier diversity program (Kochan et al., 2003).

Many supplier diversity programs are ineffective for the following reasons:

(1) There is no integrated organizational buy-in or strategic operational plan to support DSE development; (2) Suppliers lack the capacity or scalability to meet the needs of potential buyers; (3) They are not designed to solve or mitigate the true impediments faced by DSEs; and (4) They are not focused on long-term, sustainable supplier development, but on short-term transactional efforts.

To that end the central questions related to this research study are:

- (a) What are the experiences of diverse supplier enterprises that participate in supplier diversity development programs?
- (b) How does Supplier Diversity Development Program participation eliminate or mitigate existing barriers/impediments currently identified in academic literature?

- (c) How do Supplier Diversity Development Programs impact DSE capacity development?

### **Delimitations of Study**

This qualitative phenomenological research study looked to understand and contextualize the phenomena of Supplier Diversity Development Programs from the diverse supplier perspective. Study participants were selected through purposeful sample and interviewed in order to gain meaning about the essence of the SDDP experience. Phenomenology as a strategy of inquiry involves studying a small number of subjects through extensive and prolonged engagement to develop patterns and relationships of meaning (Moustakas, 1994). This study explored diverse supplier experiences with SDDP in order to evaluate the phenomena and provide a level of description and context for the evaluation of current programs and creation of future Supplier Diversity Development Programs. However this study only includes diverse participants from the facility management industry, and therefore the experiences captured will be limited to those particular participant experiences related to participation in SDDPs. Supplier Diversity Development Programs are offered to suppliers in a variety of industries and the experiences of diverse suppliers from other industries could very well differ from those in the facility management industry. This study did not evaluate SDDP effectiveness by comparing programs to one another. In addition it did not quantitatively assess the measure of effectiveness associated with any particular program, program participant, or outcomes related to program participation. There is no analysis made

related to the buyer or purchasing organizations perspective concerning SDDPs, nor the motivations or drivers related to the buyers reasoning for implementing and facilitating Supplier Diversity Development Programs. This study did not engage or include Diverse Supplier Enterprises that did not complete the curriculum or program content associated with SDDP participation, only DESs that completed all aspects of SDDP program participation. In addition there were no sample size requirements or specification related to this study in regards to selecting DSE study participants.

### **Significance of Study**

Supplier diversity and surrounding issues are extremely relevant in the facility management industry. Facility management (also referred to as facilities management or FM) is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process, and technology (IFMA, 2008). Facility management coordinates and executes a broad range of primary activities and business support activities such as security, fire protection, maintenance, janitorial, procurement, space allocation, construction, and leasing. The discipline of FM and the role of facility managers in particular are evolving to the extent that many managers must operate at four different levels (Aleksander, Atkin, Brochner, & Haugen, 2004):

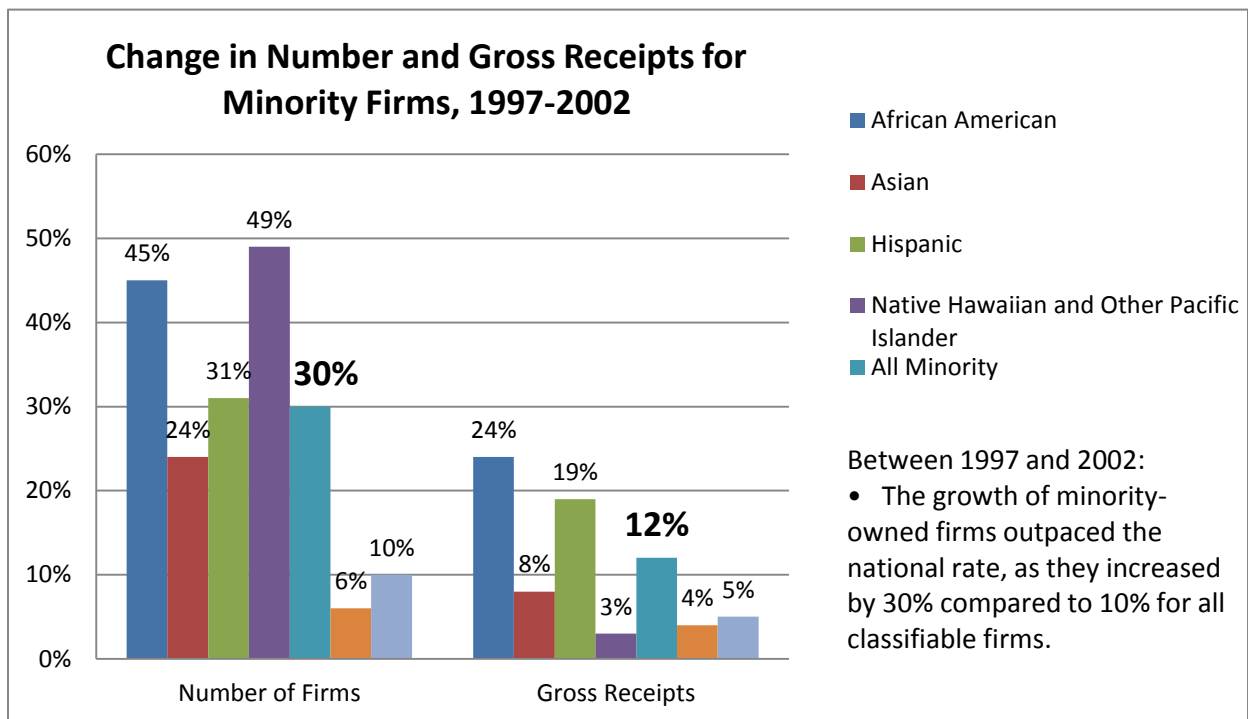
- Corporate
- Strategic
- Tactical
- Operational

This dynamic places FM organizations at the forefront of diversity-based initiatives. Industry practitioners are now and will in the future be tasked with meeting and advancing strategic and operational outcomes associated with diversity. Facility managers will need to ensure optimal performance of the supply chain and execute purchasing activities in accordance with public and private sector purchasing requirements. Therefore, FM practitioners must have a strategic approach to diversity that reflects Corporate Social Responsibility goals and the organization's business performance objectives while they simultaneously manage supply chain delivery that utilizes diverse suppliers. Facility managers must also effectively control the costs of facility operation. This objective is essentially accomplished through supply chain competitiveness that yields high value in a cost-efficient manner, which is a positive outcome of supplier diversity. In order for supply chain management and procurement activities to be successful, a qualified, robust supply chain must be used for sourcing. With the changing demographic landscape of the supply chain, FM organizations will eventually have to procure services from smaller, younger diverse supplier enterprises (Bates, 2001). The absence of technically skilled and operationally scalable service providers presents a major problem in the FM industry (P. L. Carter, Carter, Monczka, Slaughter, & Swan, 2000) .

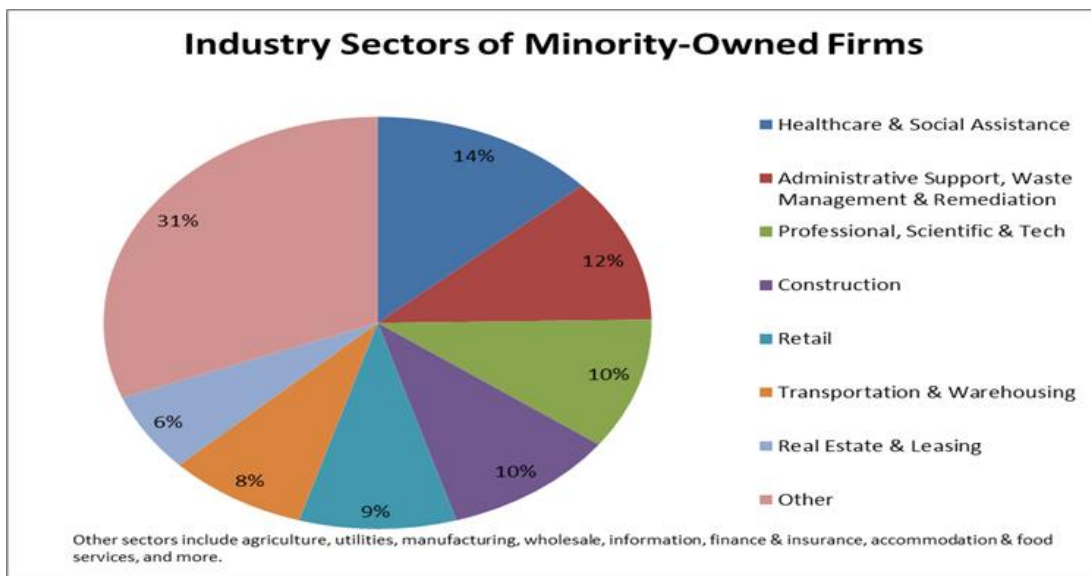
As demographics shift and the industry continues to grow, it is imperative for FM practitioners to promote supplier diversity programs, which are the pathways to competitive, sustainable supply chains. Currently, minority business enterprises account for 7.5% of total gross business receipts for all U.S. businesses, which is approximately \$221.1 billion; this is expected to grow 70% by 2045 (MBDA, 1999). The change in the



number and gross receipts for minority firms between the year 1997 and the year 2002 are illustrated in Figure 1.2. Failure to adequately address diverse supplier capabilities within the FM supply chain may stifle the industry's continued growth in prominence within public and private sector organizations. Information demonstrating the industry composition of minority owned firms is provided in Figure 1.3.



**Figure 1.2 – Change in Number/Receipts for Minority Firms-Source: (Census, 2002)**



**Figure 1.3 – Industry Sectors of Minority-Owned Firms-Source: (Census, 2007)**

Capacity is the maximum level of value-added activity over a period of time that a process can achieve under normal operating conditions (Gravely, 2014). Greater levels of capacity allow a company to do more with its resources as a result of greater factors of production. Particularly in government markets one claim is that diverse supplier enterprises are smaller, younger firms than non-minorities, and hence often lack the capacity to compete effectively for government contracts (Bates, 2001).

Capacity is an extremely critical component for businesses within the facility management industry. Findings from previous studies on diverse supplier capacity suggest that DSEs gain greater access to markets as they become larger (Bates, 2001). This being the case supplier diversity development programs must shift the focus from solely purchasing the goods and services of DSEs to a focus on increased capacity and scale development. If the proper levels of capacity are obtained the “spend” will invariably be generated because the suppliers are capable of meeting the true need of the buyer, instead

of just satisfying a transactional “spend” quota. Reduced to its basics the procurement process is a response to the need for goods and services (Cotts, Roper, & Payant, 2010)

Supplier diversity development programs (SDDPs) and other diversity initiatives should be focused on ensuring that suppliers have the capacity to respond to the purchasing needs of public and private organizations. These programs should also be focused on increasing the technical skill level and operational capacity of diverse supplier enterprises. The solution lies in developing the capacity of diverse supplier enterprises, instead of awarding contracts as a means of satisfying a compliance based requirement or meeting an internal company goal for spend. If a DSE is not able to move from one contract award to the next procurement opportunity with a greater level of capacity and technical skill, then the firm is no better equipped to become a sustainable contributor to the supply chain. In effect without the development of capacity a DSE’s goods and services become commoditized and are bought and sold purely on the basis of price alone (Krause et al., 1999). This scenario is problematic for two reasons:

1. It does not position a supplier for growth nor does it provide the platform for DSE’s to become a strategic participant within the supply chain which leads to increased economic opportunity.
2. The majority of all DSE’s are small businesses and lack the ability and size to compete against larger more established companies purely on the premise of price alone without the means to scale.

In response to current gaps in the existing body of academic literature in the subject matter areas of supplier diversity and facility management practices this research study

accomplished the following: (1) illuminated the current state of supplier diversity initiatives in relation to SDDPs from the perspective of the diverse supplier based on actual program participation experiences; (2) identified SDDP activities that facilitate the development of the diverse supplier capacity in addition to mitigating and eliminating barriers/impediments (3) provides recommendations for practice to guide supplier diversity practitioners charged with creating SDDPs that prioritize supplier development over merely helping buyers meet purchasing quotas (4) provides a qualitative research narrative of DSE participant experiences to be used as a framework for future research related to supplier diversity and facility management (5) utilized and expanded the philosophical perspective typically associated with the domain of social and human science research and employed its application to the concept of supplier diversity and the practice of facility management.

## **CHAPTER 2:**

### **REVIEW OF THE LITERATURE**

The literature review is an extremely important component of academic research. For the purpose of this research a comprehensive review of the existing literature was performed for two key reasons. The first reason is to investigate the concept of supplier diversity in a broad and in-depth manner, identify the current state of practice related to the concept, and facilitate the initial foundation for the phenomenological narrative this research will look to create and develop. Secondly a review of the existing literature was conducted in order to establish and illustrate a point of departure for this research study. Literature reviews were conducted in the subject matter areas of diversity and inclusion, supplier diversity, facility management, and supply chain management. The investigation and analysis of the literature was extremely important in providing a holistic overview into the overarching concept of diversity and inclusion which in turn leads to the development of the practice of supplier diversity. The literature review then correlates the concept of supplier diversity into the practice of supply chain management and rounds out with an examination of supply chain management as a tenet of facility management. The literature examination and analysis identifies many factors, challenges, and opportunities regarding supplier diversity, and at the same time provides the gateway to performing an evaluation of current Supplier Diversity Development Programs (SDDP).

## **Diversity and Inclusion**

The demographic shift associated with the growing minority population in this country has generated a deliberate and calculated movement towards policies and practices that facilitate and encourage diversity. The trend of diverse population group growth continues to increase and over the course of the next generation there will be a more heterogeneous mix associated with the demography of the United States. In addition people will not only be classified by race or ethnicity, but gender, sexual orientation, military classification and disability status will be a part of the lens through which people are viewed. Diversity is considered to be a characteristic of groups that refers to demographic differences among members. It can also be defined as differences in perspective resulting in potential behavioral differences among cultural groups as well as identity differences among group members in relation to other groups (Larkey, 1996). It has also been noted in the academic literature that diversity can also be defined in terms of observable and non-observable characteristics (Milken & Martins, 1996). The definition of “diversity” is unclear reflected in the multiplicity of meanings in the literature (Herring, 2009). It is clear there are a number of definitions related to diversity, and for this reason the study of diversity and inclusion in the world of academia will continue to grow.

The literature associated with diversity and inclusion is expansive, especially in comparison to the concept of supplier diversity which is a subtopic of diversity and inclusion practice. A widely discussed and disseminated study of demographic trends in the United States gave credence to organizational diversity research by quantifying the degree to which the United States work force will increasingly comprise white women

and women and men of color (Johnston & Packer, 1987). Research has been conducted regarding cultural diversity in the workplace and the ongoing state of practice (Fine, 1996). Scholarly works on diversity in the workplace fall into three categories (Fine, 1996). They are as follows:

1. General overviews of diversity and related issues
2. Essays that offer a theoretical perspective and suggest research directions for studying diversity in organizations
3. Research studies specifically on diversity in organizations

Fine (1996) noted the key to managing a diverse workforce is increasing individual awareness of and sensitivity to differences of race, gender, social class, sexual orientation, physical ability and age. This approach is consistent with the preponderance of diversity initiatives undertaken in organizations, which primarily comprise training and development efforts such as diversity awareness training, leadership training, mentoring, and personal support groups.

Research studies have also been conducted on the utilization of social identity theory to understand how structural variables and organizational demography influence workplace relationships (Chow & Crawford, 2004). The research found that individuals work attitudes determine whether efforts to increase workplace diversity lead to a better work atmosphere and more group cohesiveness and organizational effectiveness. Without positive attitudes, diversity will foster resentment and increase conflict (Chow & Crawford, 2004). The meanings of diversity and inclusion in organizations have also been examined (Roberson, 2006). Roberson's (2006) research found there is a critical

difference between merely having diversity in an organization's workforce and developing the organizational capacity to leverage diversity as a resource.

In addition to studies that define and contextualize the premise of diversity there have also been studies conducted which investigate and examine the value of diversity in an organization and within the workplace. Industrial sectors employing a large number of workers responsible for creative decision making and customer service experience gains from diversity, while industries characterized by high levels of group effort suffer losses (Sparber, 2009). Diversity improves decision making and problem solving, but also encumbers common action and public goods provision (Sparber, 2009). On the other hand research has found diversity can be correlated to business success because it allows companies to "think outside the box" by bringing previously excluded groups inside the box. This process enhances an organizations creativity, problem solving, and performance (Herring, 2009). Kochan et al (2003) analyzed the effects of diversity on business performance. The study found that in general gender diversity was less problematic than racial diversity. In addition the research proposed a more nuanced view of diversity, one which focuses on the conditions that can leverage benefits from diversity or, at the very least mitigate its negative effects (Kochan et al., 2003)

The concept of diversity and inclusion is not just an issue in the United States of America. As globalization increases and territorial borders of the world shrink many countries will need to evaluate and provide a means for diverse population groups to live and work together. Research studies examining sources of diversity in India and the challenges associated with human resource management were conducted in the mid 1990's (Ratnam, 1996). Caste, religion, region, language, sex, age, and other



demographic aspects are among the sources of diversity in any setting. In the Indian context, some of the sources of Indian tradition such as the nexus between caste and occupation are superimposed on the organizational structures in the modern corporation (Ratnam, 1996). Glastra et al (Glastra, Meerman, Schedler, & Vries, 2000) analyzed theories and practices of diversity management in the Netherlands. In order for diversity management to accomplish equal opportunities in the labor market, the valuation of cultural differences, and the fostering of inclusive organizations, then there must be adequate policies in the fields of education to support diverse population groups (Glastra et al., 2000). Translating the American concept of diversity for implementation of diversity management in Denmark has also been a topic of research (Boxenbaum, 2006). It was found that translation of the concept had to be implemented on three levels: (a) individual preference (b) strategic reframing (c) local grounding (Boxenbaum, 2006).

### **Supplier Diversity**

The United States of America has always been a country at the forefront of the diversity discussion and the related actions associated with that discussion. In 1969 President Richard M. Nixon instituted Executive Order 11458 which required federal contracts exceeding \$5000 to contain clauses encouraging contractors to utilize minority businesses on best-effort basis. However, the concept of supplier diversity did not start to take shape until the mid to late 1970's. In 1978 President Jimmy Carter passed Public Law 95-507 which mandated that prospective bidders for federal contracts exceeding \$500,000 (\$1,000,000 for construction contracts) submit, prior to contract award a plan

that includes percentage goals for the utilization of minority businesses. The academic literature related to the practice of supplier diversity begins shortly thereafter.

One of the first studies facilitated analyzed the differences between minority and non-minority suppliers (Giunipero, 1980). This study identified three problem areas that applied solely to minority vendors in regards to conducting business. The problem areas were (1) lack of qualified engineering personnel; (2) lack of qualified sales personnel; and (3) insufficient technological expertise (Giunipero, 1980). Research related to developing minority purchasing programs followed in response to the perceived inequities between non-minority and minority suppliers (Giunipero, 1981). Giunipero developed the following elements required for effective programs (Giunipero, 1981):

- Support from corporate top management by means of both verbal support and the issuance of a formal policy.
- Assigning responsibility for coordinating the program to one individual
- Establishing the program within a framework in which (corporate, operating unit, and individual buyer goals are set, and (2) buyers are appraised on how well they have satisfied minority vendor goals.
- Developing sourcing techniques to locate minority vendors
- Utilizing development techniques. The maintenance of program growth was related to the ability to further develop minority vendors. Corporations that were perceived to have the most active programs provided financial and technical assistance to minority vendors.
- Monitoring and reviewing minority purchasing progress

From its inception, academic research about the concept of supplier diversity has always dealt with barriers and impediments related to its successful execution and delivery.

Transaction cost economic theory was used in an effort to provide more insight into those barriers from a supplier perspective (Dollinger et al., 1991). Dollinger et al (Dollinger et al., 1991) developed eight impediment dimensions, seven based on transaction costs and one based on resource dependence that impeded minority business growth such as:

- Cost of a negative atmosphere
- Costs of opportunism
- Costs of small numbers
- Costs of Information Asymmetry
- Costs of Complexity
- Costs of Business Uncertainty
- Costs of Production Uncertainty

In addition Dollinger et al (1991) composed a list of activities that could reduce the buyer-seller transaction costs and mitigate impediments faced by minority businesses, which included greater levels of cultural interaction between buyers/suppliers, managerial assistance, and greater levels of monitoring on both the buyers and suppliers behalf.

Pearson et al (1993) expanded on the work of Dollinger et al (1991) by investigating the challenges and approaches to purchasing from minority owned firms. This research evaluated impediments and barriers from both the buyer and supplier viewpoint, but instead of evaluating the impediments in respect to the burden they placed on the buyer this study evaluated impediments to better buyer and supplier relationships. The study also evaluated a greater spectrum of attributes defined as impediments and analyzed how

those impediments were viewed and weighted by the buyer and seller. The ten impediments to a successful relationship buyer supplier relationship are as follows (Pearson et al., 1993):

- MBEs are often undercapitalized
- Buyers rely on their “ old boy networks” for suppliers
- It’s hard for MBE’s to get their foot in the door
- MBEs become disillusioned with corporate bureaucracy
- Buyers use MBEs just to satisfy statistics
- Buyers are inconsistent in implementing MBE programs
- Buyers don’t know much about minority owned firms
- There is a lack of corporate commitment to MBE purchasing
- The government doesn’t enforce regulation on MBE purchasing
- Only small volume orders are placed with MBEs

The research found that a combination of education and an emphasis on solutions, especially those that involve information creation and sharing, appears to represent the foundation on which future successful relationships will be built (Pearson et al., 1993). Supplier diversity from the minority suppliers perspective was also explored (Krause et al., 1999). The study examined supplier diversity initiatives on the basis of (1) sales volume, (2) percentage of the suppliers sales to a given firm, (3) length of the suppliers business relationship with the firm. Carter et al (1999) also identified a number of key factors associated with the success of purchasing from minority business enterprises (MBEs). Similar to previous research factors leading to success included (Carter et al., 1999):

- Top Management Support
- MBE Training
- MBE Purchasing Goals
- Dissemination of Results Related to Buying Behavior
- Full-time MBE program coordinator
- Government Influence

Academics from the United Kingdom have also begun to make contributions to the body of supplier diversity research and weigh-in on the discussion. Even though supplier diversity has its origins in the United States it is gradually becoming an important feature of the corporate scene in the UK and Europe generally at a time when, paradoxically, many organizations are seeking to rationalize their supply chains in order to reduce costs (Worthington, 2009) . Supplier diversity initiatives in regards to ethnic minority businesses in the United Kingdom were explored and analyzed in regards to their potential for increasing market opportunities for ethnic minority businesses (Ram & Smallbone, 2003). One of the factors influencing the ability of ethnic minority businesses to diversify out of traditional sectors of low value added activity is their capacity to identify and exploit opportunities in mainstream markets (Ram & Smallbone, 2003). The study advocates for a method of creating supplier diversity programs with a strategy and focus on building the capacity of ethnic minority businesses instead of those in the United States that are based on positive or reverse discrimination. Researchers have also used the case study method approach to investigate supplier diversity programs at US multinational corporations (Shah & Ram, 2006). Shah et al (2006) investigated the key drivers and developments behind supplier diversity in the United States, utilized case

studies to convey how supplier diversity works in practice, and identified the elements of “good practice” in addition to the pressures associated with implementing such initiatives.

A supplier diversity program is often driven by the company’s social responsibility to diffuse economic disparity between minority business enterprises (MBEs) and their majority counterparts (Greer & Maltiba, 2006). To that end Min (Min, 2009) examined the supplier diversity program at Fortune 500 company Caterpillar. The research study demonstrated that a supplier diversity program could not only help reduce sourcing costs, but also enhance quality at the source. In addition a key to the successful supplier diversity program is the buying firms ability to adapt to new cultural change that breaks the ties with “good old boy networks” (Min, 2009). The use of six sigma and the five step DMAIC (define, measure, analyze, improve, control) process is another concept that has been researched in regards to producing positive supplier diversity initiative outcomes (Dreachslin & Lee, 2007). Although Six sigma and DMAIC are most often associated with the manufacturing sector, they can be used effectively to improve an organization’s diversity strategies and management (Dreachslin & Lee, 2007).

### **Supply Chain Management**

Supply chain management (SCM) was a term that was initially used in wholesaling and retailing to describe the integration of logistics and physical distribution functions with the goal of reducing delivery lead times (Wisner & Tan, 2000). It was once seen as a field only concerned with cost reduction but now supply chain management is seen as an area of growth and profit potential within the business. The area that was once

considered to be of only minor concern to managers is now at the forefront of business planning (Lancioni, 2000). Lancioni (2000) identified areas for future opportunity and focus for practitioners of supply chain management that include:

- Viewing supply chain management as a multi-dimensional discipline
- Continual customer focus and accurate forecasts of supply chain requirements
- Optimal supply chain design
- The need for agility in the supply chain
- The use of the internet in supply chain operations
- Measuring supply chain performance
- Effective management of the supply chain

As the practice of supply chain management has evolved in prominence, the academic research associated with the concept has also increased its focus and volume of scholarly work devoted to the topic. Supply chain management is an extremely robust topic, and that being the case for the purpose of this literature review we will focus on the purchasing aspects of the SCM concept. Researchers have analyzed supply chain managements impact on purchasing (Wisner & Tan, 2000). As a portion of the research it was denoted that intense global competition of the past decade has led many organizations to create cooperative, mutually beneficial partnerships with suppliers, distributors, retailers, and other firms within the supply chain (Wisner & Tan, 2000). The results of the comprehensive study identified the following determinants of supply chain management success (Wisner & Tan, 2000):

- Reducing response time across the supply chain
- Increasing trust among supply chain members

- Improving activity integration across the supply chain and searching for new ways to integrate these activities
- Establishing more frequent contact among supply chain members
- Increasing the firms JIT capabilities.

A research study was also conducted which developed a ten year forecast for purchasing and supply activities (P. L. Carter et al., 2000). The research included trends of importance for public and private sector organization of all sizes which included the following (P. L. Carter et al., 2000):

- Major economic, demographic, societal, competitive, and technological trends most likely to have major implications for the purchasing and supply management profession and its organizational processes
- Projected the identified trends for ten years
- Determined the impacts of these trends on purchasing and supply executives
- Forecasted the environment for purchasing and supply in ten years

Supplier diversity is a form of socially responsible purchasing (Carter & Jennings, 2000).

Purchasing is an inherent function of supply chain management In evaluating supplier diversity through the lens of a corporate social responsibility initiatives research studies have been conducted that explore the drivers of socially responsible purchasing (Worthington, 2009). The findings of Worthington et al (2008) indicate that organizations choose to develop supplier diversity and responsible purchasing programs based on influences from public policy initiatives, economic opportunities, stakeholder expectation, and ethical considerations. This being the case public and private sector



organizations have begun to look at purchasing as a means of achieving strategic high level organizational goals and operational efficiency goals in regards to supply chain management. Purchasing activities linked with social responsibility consist of a wide array of behaviors that broadly fall into the categories of environmental management, safety, diversity, human rights and quality of life, ethics and community and philanthropy activities (Carter & Jennings, 2000). Carter and Jennings (2000) researched the means by which large purchasing organizations could positively affect purchasing social responsibility and they determined that organizational culture that encourages characteristics that embrace being fair and being supportive were important factors to socially responsible purchasing.

Research has also been conducted regarding the corporate benefits that can be derived from socially responsible purchasing (Worthington, 2009) The research determined that benefits of having a more diverse supply base would be optimized by organizations which operate in a market or social domain where diverse population group are an important and economically influential group of actual or potential consumers (Worthington, 2009). A literature review and research agenda for socially and environmentally responsible procurement is a topic investigate and examined in academic research (Hoejmose, 2012). The research concluded that researchers in the field of socially responsible purchasing need to contribute more to the development and testing of theory rather than to the description of phenomena (Hoejmose, 2012).

There has also been a significant amount of activity in the research field that has explored and addressed the nature of the buyer-supplier relationship. Research exists that examines the strategic value of buyer-supplier relationships (Zaheer, McEvily, &

Perrone, 1998). The research found that inter-organizational trust, which is determined by institutionalized practices is a more critical determinant of supplier performance than trust between individuals managing the inter-organizational relationship (Zaheer et al., 1998). An analysis of value creation in buyer-supplier relationships is found in the academic literature (Walter, Ritter, & Gemunden, 2001). This research suggests there are a number of direct and in-direct functions that bring value to a relationship and there may need to a formal reward system created to incentivize behavior and activity which increases relationship value (Walter et al., 2001). As a tangential offshoot of buyer-supplier relationships scholarly research has also been performed in regards to supplier development in the supply chain management space. Hartley and Jones (Hartley & Jones, 1997) investigated developing supplier capability through the utilization of a process oriented manufacturing framework. The research noted that in contrast to results-oriented supplier development, measurable results may not come quickly, therefore the buyer and supplier must have appropriate expectations of the timeframe for noticeable improvements (Hartley & Jones, 1997). The state of supplier development related to practices and outcomes has also been evaluated (Krause et al., 1999). Results of the research determined that supplier development activities can be characterized by level of buying commitment from the firm and can be increased by utilizing the following measures (Krause et al., 1999):

- Enforced competition
- Business Incentives
- Direct Involvement

## **Facility Management**

Similar to supplier diversity and supply chain management, facility management (FM) is a concept and practice that is evolving in relevance. In the public sector FM has been synonymous with activities such as public works or plant management, but it is now seen as a valuable management discipline for private sector entities. A well accepted and working definition of facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process, and technology (IFMA, 2008). Barrett and Baldry (Barrett & Baldry, 2003) define facilities management as a strategically integrated approach to maintaining, improving and adapting the buildings and supporting services of an organization in order to create an environment that strongly supports the primary objectives of the organization. Each of these definitions adequately and appropriately describe the role of facility management industry practitioner in regards to supply chain management and diverse supplier development. The nature of the practice places facility management at the core of supply chain management for both public and private sector entities. The supply chain is increasingly becoming a source of fulfillment for strategic and operational organizational goals.

Research studies have been conducted about the relevance of supply chain management in the facility management industry. As previously mentioned supply chain management (SCM) was a term used exclusively in the retail and manufacturing industry. Now the term has more universal appeal and meaning across multiple industries. Supply chain management includes sourcing and procurement, production scheduling, order processing, inventory management, transportation, warehousing, and customer service

(Quinn, 1997). Research has been conducted about supply chain management issues in facilities management (Nelson, 2001). Based on the research there was no consensus amongst practitioners as to the most salient supply chain management issues in facilities management, which may have been the case because organizations view supply chain management as a source of competitive advantage (Nelson, 2001). Real benefits in undertaking supply chain management have been identified including the following (O'Halloran, 2001):

- 15-20 percent cost reduction
- Reduction in lead times and fault levels
- Improved service at reduced cost
- Financial control
- Service linked to business drivers
- Payment linked to performance
- Forum for intellectual exchange
- Common buyer/supplier vision and goal
- Virtual company concept
- Mentoring at company and individual level
- Rewarding success
- Embracing change as a standard business process

Research studies related to innovative procurement and partnerships have also been conducted (Jensen, 2011). Findings from the research indicated that if/when clients allow service providers freedom to plan and control their activities greater levels of productivity

are achieved (Jensen, 2011). Another study was recently performed that examined budgetary control for external service providers (Druhmnn & Zingg, 2014). The study determined that the responsibility for budgetary control should be placed with the service provider and successful budget control was directly correlated to clear contracts, clear scope requirements, and knowledge of buildings by service provider (Druhmnn & Zingg, 2014).

The literature review conducted for this research study spans the topics of diversity and inclusion, supplier diversity, supply chain management, and facility management. Table 2.1 provides an overview and source of the research articles used in association with the literature review for this study.

**Table 2.1: Literature Review Topic Overview and Sources**

<b>Diversity and Inclusion</b>	<b>Source</b>
Behavioral differences among cultural groups	Larkey 1996
Observable and non-observable characteristics	Milken & Martins 1996
Multiplicity of meaning related to diversity	Herring 2009
Demographic trends in the United States	Johnson & Packer 1987
Cultural diversity in the workplace	Fine 1996
Organizational demography influence on work relationships	Chow & Crawford 2004
Organizational meaning of diversity and inclusion	Roberson 2006
Value of organizational diversity	Sparber 2009
Impact of diversity on creativity and performance	Herring 2009
Effects of diversity on business performance	Kochan et al. 2003
Diversity and human resource management in India	Ratnam 1996
Diversity management in the Netherlands	Glastra et al. 2000
Implementation of diversity management in Denmark	Boxenbaum 2006
<b>Supplier Diversity</b>	
Differences between minority and non-minority suppliers	Giunipero 1980
Developing minority purchasing programs	Giunipero 1981
MBE transaction cost impediments	Dollinger et al. 1991
Challenges purchasing from minority owned firms	Pearson et al. 1993
Supplier diversity initiatives	Krause et al. 1999
Minority business success factors	Carter et al. 1999
Supply chain improvement via supplier diversity	Worthington 2009
Supplier diversity initiatives in the United Kingdom	Ram & Smallbone 2003
Supplier diversity program case study	Shah & Ram 2006

**Table 2.1 (Continued)**

Investigated key drivers behind supplier diversity	Shah et al. 2006
Economic disparity between minority and majority firms	Greer & Maltiba 2006
Examination of supplier diversity at caterpillar	Min 2009
Six Sigma to improve diversity strategies and management	Dreschlin & Lee 2007
<b>Supply Chain Management</b>	
Supply chain management impacts on purchasing	Wisner & Tan 2000
Area of focus for practitioners of supply chain management	Lancioni 2000
Forecast for purchasing and supply activities	P.L. Carter et al. 2000
Supplier diversity as socially responsible purchasing	Carter & Jennings 2000
Drivers of socially responsible purchasing	Worthington 2009
Public policy initiatives and stakeholder expectation	Worthington et al. 2008
Socially and environmentally responsible purchasing	Hoejmose, 2012
Strategic value of buyer-supplier relationships	Zaheet et al. 1998
Value creation in buyer supplier relationships	Walter et al. 2001
Capability through oriented manufacturing framework	Hartley & Jones 1997
<b>Facility Management</b>	
Sourcing and procurement	Quinn 1997
Supply chain management as competitive advantage	Nelson 2001
Benefits in undertaking supply chain management	O'Halloran 2001
Innovative procurement and partnerships	Jensen 2011
Budgetary control for external service providers	Druhman & Zingg 2014

Supplier diversity is an extremely relevant concept to both the facility management practitioner and the facility management industry as a whole. As denoted in the literature review there are a number of studies related to the aforementioned topics, but there is a considerable knowledge gap in the extant literature regarding supplier diversity in the facility management industry, and therefore a comprehensive examination of the topic is in order.

## **CHAPTER 3:**

### **METHODOLOGY**

#### **Qualitative Design Rationale**

In qualitative research, there is an emphasis on understanding complex relationships and patterns and the context in which they occur (Creswell, 1998). Creswell (1998) also states that qualitative researchers study things in their natural settings in an attempt to make sense of phenomena in terms of the meanings people bring to them. Qualitative research, which is an inquiry process grounded in distinct methodological traditions to explore a social or human problem, is based on illustrating, understanding, explaining, and describing complex phenomena. The occurrences of many phenomena are experientially and contextually rich and robust, which limits the effectiveness of quantitative analysis.

According to Ragin (1987), quantitative researchers work with few variables and many cases whereas qualitative researchers rely on a few cases but many variables. Critical to modern-day qualitative research is a deep, strong focus on issues of gender, culture, and marginalized population groups (Creswell, 2009). Considering the nature of qualitative research, a qualitative design for the current investigation will holistically deepen our understanding of the phenomena and concept of supplier diversity development programs (SDDPs).

## **Research Design**

A phenomenological research design was utilized for the purposes of this study, which allowed for the identification of factors that contribute to the human experiences described by study participants (Moustakas, 1994). A phenomenological study describes the meaning of the lived experiences for several individuals about a concept or the phenomenon (Creswell, 1998). According to Polkinghorne (1994), phenomenological research prompts the exploration of structures of consciousness in human experiences. This research study followed in the tradition of transcendental phenomenology. The transcendental approach focuses on developing universal meaning based on what people experience and how (Creswell, 1998). This study focused on deepening our understanding of SDDPs as they relate to the mitigation or elimination of barriers/impediments to the capacity development of diverse supplier groups. This study was developed through the lens of the diverse suppliers, that were invited to participate in the research study. These suppliers were asked to discuss the effectiveness and outcomes of current SDDPs based on their personal experiences.

The phenomenological inquiry approach used for this research study was guided by a philosophical perspective as opposed to a particular social science theory. The philosophical perspective provides the framework for what will be studied and how it will be studied (Creswell, 1998). Philosophically researchers search for the essential, invariant structure (or essence) or the central underlying meaning of the experience and emphasize the intentionality of consciousness where experiences contain both the outward appearance and inward consciousness based, on memory, image, and meaning (Moustakas, 1994).



### **Role of the Researcher**

In qualitative research the role of the researcher as the primary data collection instrument necessitates the identification of personal values, assumptions and biases at the outset of the study (Creswell, 2009). As the researcher I have been a participant in a program designed to assist and mentor small business enterprises. Although it was not a program focused on supplier diversity it has shaped my personal experiences and thoughts related to diverse supplier capacity development. In addition participation in this program put me in close contact with a number of DSEs and supplier diversity practitioners. I believe this understanding of the context of supplier diversity and my current positioning as a diverse supplier enterprise enhances my awareness, knowledge, and sensitivity to many of the challenges, decisions, and issues encountered by diverse supplier enterprises in regards to Supplier Diversity Development Programs and diverse supplier enterprise capacity development. This being the case the concept of bracketing was utilized in conducting this research, which is the process of setting aside all prejudgments and preconceived notions about the phenomena and basing all interpretations on the data provided by individual participant experience (Creswell, 1998).

## **Research Procedure**

This research illuminates the manner in which Supplier Diversity Development Programs currently address impediments to a supplier's capacity development. The purpose of this analysis is to evaluate current program structures and investigate how barriers/impediments are addressed now and how they could be more appropriately approached in the future. The findings from this examination identify themes related to Diverse Supplier Enterprise participation in SDDP and provide a series of recommendations for the improvement of existing programs and the creation of new Supplier Diversity Development Programs, by making them a true vehicle for supplier development instead of just a means of purchasing goods and services through a purely transactional engagement. The research process consists of several phases: (1) identifying and selecting study participants; (2) data collection via participant interviews; (3) data analysis; (4) data verification and validity check; and finally (5) the development of a narrative description that illuminates the diverse supplier experience with SDDPs

### **Phase 1: Participant Selection**

Study participants consist of senior-level members (e.g., executive, senior manager) of diverse supplier enterprises (DSEs) currently operating in facility management (FM) or the facility services industry. Each study participant selected currently participates or has previously participated in a SDDP. Purposeful sampling is used in the selection of study participants. The typology of 16 strategies for purposeful sampling guides the selection of participants and the type of sampling strategy is criterion and snow-ball (Miles & Huberman, 1994). "Criterion" sampling works well when all individuals studied represent people that have experienced the phenomenon (Creswell,

2009). Inquiry strategy recommends a sample size between 3 and 10 subjects (Dukes, 1984; McCracken, 1988). For the purpose of this research 20 participants will initially be selected which provides a variation on participants reflective of ethnicity, gender, sexual orientation, military service classification and physical ability. Phenomenological research involves the examination of a small number of subjects through extensive and prolonged engagement to identify patterns and relationships (Moustakas, 1994). Participants will be recruited via electronic mail and all participants will be certified firms that are currently members of the National Minority Supplier Development Council (NMSDC), one of their regional affiliates or another diversity based certification agency.. In addition, since purposeful sampling is utilized, suppliers known to the researcher that are currently in the FM industry are also recruited. Human beings are utilized as participants in this study and that being the case, approval was sought and obtained from Georgia Tech's institutional review board outlining detailed study procedures.

## **Phase 2: Participant Interviews**

In a phenomenological study, data collection usually involves an in-depth interview process (McCracken, 1988). The important point is to describe the experience of a small number of individuals who have experienced the phenomenon through the use of an in-depth interview lasting as long as two hours (Polkinghorne, 1994). Interviews will be conducted to explore participants' experiences with SDDPs, impediments to suppliers' capacity development, and suppliers' suggestions for SDDP improvement and better outcomes. Interviews contain open-ended questions to allow the natural flow of

information from participant to researcher. All interviews are recorded and transcribed for accurate interpretation and analysis.

### **Phase 3: Data Analysis**

Once interviews are completed and transcribed, the data is analyzed according to accepted procedures in phenomenological data analysis (Colaizzi, 1978; Moustakas, 1994). Phenomenological data analysis proceeds the methodology of reduction, the analysis of specific statements and themes, and a search for all possible meanings (Creswell, 1998). The steps for data analysis include: (1) The researcher providing a description of his experiences with SDDPs. (2) Categorization of the data collected from the study participants, in an attempt to avoid repetitive or overlapping categories (known as horizontalization). (3) Statements will then be grouped into clusters of meaning, and textural descriptions of “what happened” and structural descriptions of “how it happened” related to phenomena will be created. (4) A general description of the meaning of the participants’ experiences will be developed and will include the researcher’s account of the experiences and the participants’ accounts.

### **Phase 4: Verification and Validity**

Similar to interpretive biographers, phenomenologists view verification and standards as largely related to the researcher’s interpretation (Creswell, 1998). One must first reflect on the meaning of an experience for her or himself, and then one must turn outward (to the study participants) to establish “intersubjective validity” (Moustakas, 1994). After the researcher creation of the collective description during Phase 3, each participant is asked to give feedback on the validity and accuracy of the interview

transcription. *Validity* refers to an idea being well-grounded and supported. According to Polkinghorne (1994), the general description should provide an accurate portrait of the common feature and structural connections that are manifest in the examples collected. Polkinghorne (1994) also identifies five questions a researcher should ask himself or herself related to validation:

1. Did the interviewer influence the contents of the subjects' descriptions in such a way that the descriptions do not truly reflect the subjects' actual experience?
2. Is the transcription accurate and does it convey the meaning of the oral presentation in the interview?
3. In the analysis of the transcriptions, were there conclusions other than those offered by the researcher that could have been derived? Has the researcher identified these alternatives?
4. Is it possible to go from the general structural description to the transcriptions and to account for the specific contents and connections in the original examples of the experience?
5. Is the structural description situation specific, or does it hold in general for the experience in other situations?

In addition to intersubjective validity, the researcher will posit and answer these questions as a form of validity verification.

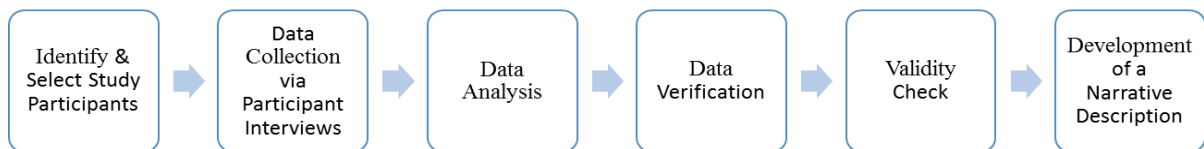
### **Phase 5: Narrative Description Development**

Throughout the research, significant statements about positive and negative aspects of SDDP will be contextualized based on diverse supplier experiences. The textural description of what was experienced and the structural experience of how it was

experienced (Creswell, 1998). The data provided by the diverse suppliers will lead to the development of research themes detailing “the essence” of the SDDP experience. A narrative description will create insight regarding the themes developed during the data analysis phase of the research study. The narrative illustrating the Diverse Supplier Enterprise experience with SDDP participation will provide insight for future development of Supplier Diversity Development Programs.

The following five phases encompass the research process for this study: (1) identifying and selecting study participants; (2) data collection via participant interviews; (3) data analysis; (4) data verification and validity check; and finally (5) the development of a narrative description that illuminates the diverse supplier experience with SDDPs.

The process flow for this research study is illustrated below in figure 3.1.



**Figure 3.1 – SDDP Research Study Process**

### **Research Contribution**

At the conclusion of the current study, the researcher intends to develop a narrative description of diverse supplier experiences related to Supplier Diversity Development Programs. The narrative description will (1) illuminate the current state of supplier diversity initiatives in relation to SDDPs from the perspective of the diverse supplier based on actual program participation experiences; (2) identify SDDP activities that facilitate the development of the diverse supplier capacity in addition to mitigating

and eliminating barriers/impediments (3) provide recommendations for practice to guide supplier diversity practitioners charged with creating SDDPs that prioritize supplier development over merely helping buyers meet purchasing quotas (4) Identify emerging impediments as an addition to the existing body of academic literature (5) provides a qualitative research framework for future research related to supplier diversity and facility management (6) Utilization and expansion of philosophical perspective normally associated with the domain of social and human science research applied to the concept of supplier diversity and the practice of facility management.

### **Participant Sampling and Demography**

Research study participants were selected using criterion and snow-ball sampling strategies. Criterion sampling refers to selecting individuals that happen to have experience with the phenomena under investigation (Miles & Huberman, 1994). Criterion sampling is extremely useful for quality assurance (Creswell, 1998). The necessary criteria for study participation selection was the following:

- Participant must be the CEO, president, principal, or managing partner of a Diverse Supplier Enterprise in the FM Industry
- DSE research study participants must have experience in the form of attendance and completion of a Supplier Diversity Development Program (SDDP)

Snowball sampling identifies participants of interest from people who know participants with rich experiences of the phenomena (Creswell, 1998). Study participants were selected based on their experience with Supplier Diversity Development programs.

Common experiences, themes and the overall essence of the experience emerge when DSE participants possess shared characteristics (Creswell, 1998). Each individual interviewed had experience as an SDDP participant. The sampling strategy utilized for this study provided a population group with rich lived experiences related to the phenomena of Supplier Diversity Development Program through the commonality of participation.

Initially study participants were sourced through the Georgia Minority Supplier Development Council (GMSDC). The GMSDC provided a list of 49 potential research study participants that met the prerequisite criteria. Each potential research study participant was sent an invitation to participate in the study via email. Appendix B contains a sample of the invitation email contact letter utilized as a part of this research study. The email invitation gave a brief overview related to the nature and purpose of the study, as well as requesting their participation in the study. Out of the 49 emails sent, six Diverse Supplier Enterprises agreed to participate in the study. After sourcing the initial six study participants via email the researcher utilized the snow ball sampling strategy to source the remaining 14 research study participants. After interviewing each of the initial six study participants, I asked them to refer me to at least one person in their network I could speak to about participating in the study. Through the use of the snow ball sampling technique the remaining study participants were sourced, selected, and interviewed.

Phenomenological studies for the most part use a small sample size, such as 6-10, or 6-12 participants (Dukes, 1984). Extant literature related to sample size notes that a sample of 12 is sufficient if a study aims to describe a shared perception, belief, or



behavior among a relatively homogenous group (Miles & Huberman, 1994). This research study selected 20 interview participants and conducted interviews with all twenty. A point of saturation was reached after completing 14 Interviews, but an additional 6 interviews were conducted to ensure no new themes or concepts emerged that had not already been identified from previously completed interview research data. When no new information is forthcoming you have reached what is termed the “saturation point” (Glaser & Strauss, 1967)

The 20 Diverse Supplier Enterprise research participants included ten men and ten women. Table 3.1 provides a summary of the research study participant profile related to Enterprise Type (ET) and Diversity Classification (DC). The research study participants were assigned participant codes to protect confidentiality.

**Table 3.1 – Research Study Participant Profile**

<b>Participant</b>	<b>Enterprise Type</b>	<b>Diversity Classification</b>
DSE 1	General Contractor	HM
DSE 2	Electrical Contractor	AAF
DSE 3	Paint/Drywall Contractor	HF
DSE 4	Drywall Contractor	AAM/SDV
DSE 5	Janitorial	AAF
DSE 6	Paint Contractor	NAM
DSE 7	Mechanical Contractor	AAM
DSE 8	Engineering Firm	AM
DSE 9	Signage/Printing	AAF/LGBT
DSE 10	Commercial Real Estate Services	WF
DSE 11	Commercial Real Estate Services	AAF
DSE 12	Janitorial	HF
DSE 13	General Contractor	AAM
DSE 14	Landscaping	HM
DSE 15	Architectural Firm	WM/LGBT
DSE 16	Transportation Services	AAF
DSE 17	General Contractor	MEF

**Table 3.1 (Continued)**

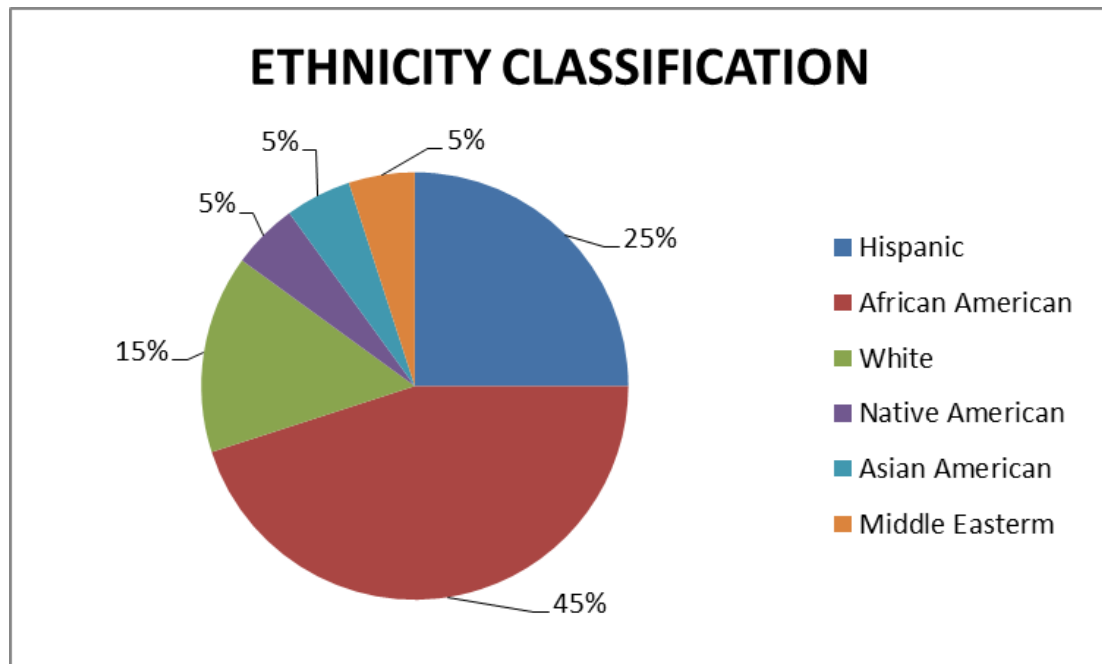
DSE 18	Audio Visual Media Services	HM
DSE 19	Security	AAM
DSE 20	Exterior Building Maintenance	WF/SDV

Each DSE study participant was assigned a Diversity Classification denoting ethnicity, gender, and any additional diverse classification categorization. Table 3.2 denotes the DC type assigned to each participant for this study, and the diverse classification abbreviation associated with each participant as well. In addition Table 3.2 illustrates the number of each participant from the listed Diverse Classification types. The research study encompassed the following diverse classifications and number of diverse population group participants, (1) Asian Male, (3) African-American Males, (4) African-American Females, (3) Hispanic Males, (2) Hispanic Females, (2) Lesbian, Gay, Bi-Sexual, Transgender, (1) Native American Male, (1) Middle Eastern Female, (2) Service Disabled Veterans, (1) White Male, (1) White Woman. It must be noted that although there were only twenty research study participants some participants were assigned more than one Diversity Classification type.

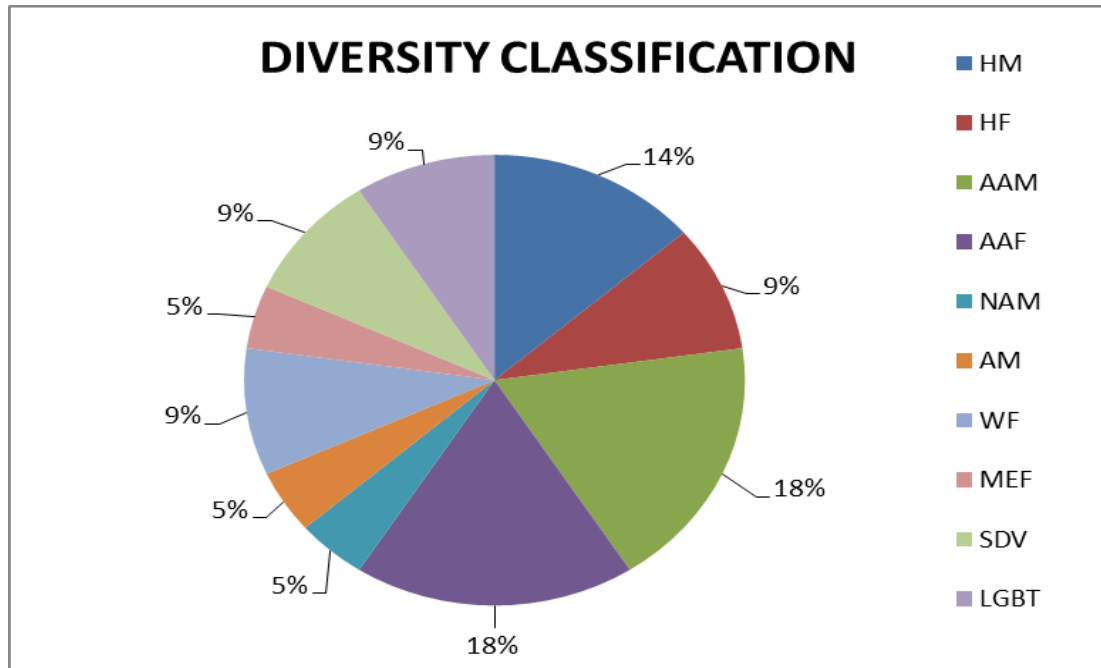
**Table 3.2 – Diverse Classification Type**

<b>Diversity Classification</b>	<b>Classification Abbreviation</b>	<b>Number of Participants</b>
Asian Male	AM	1
African-American Male	AAM	3
African-American Female	AAF	4
Hispanic Male	HM	3
Hispanic Female	HF	2
Lesbian Gay Bi-Sexual Transgender	LGBT	2
Native American Male	NAM	1
Middle Eastern Female	MEF	1
Service Disabled Veteran	SDV	2
White Male	WM	1
White Female	WF	1

Figure 3.2 and figure 3.3 illustrate the research study population in relation to ethnicity and in relation to diverse classification type independent of one another.



**Figure 3.2 – Ethnicity Classification**



**Figure 3.3 – Diversity Classification**

### **Data Collection**

The phenomenological research method utilized for this study evaluated the experiential essence of diverse supplier enterprises (DSE) that participated in Supplier Diversity Development Programs (SDDP). The primary goal of the research was to determine if participation in Supplier Diversity Development Programs (SDDP) mitigated barriers/impediments currently identified in extant academic literature, and if program participation developed business capacity for participating Diverse Supplier Enterprises (DSE). Although the Diverse Supplier Enterprise (DSE) participants were at different phases and varied stages of business maturity, the phenomena related to Supplier Diversity Development Program (SDDP) participation was common to all of them. In addition all DSE study participants owned or operated companies that were in or

associated with delivering goods or services to the facility management industry. The primary data collection method used for this study was in-depth qualitative interviews with open ended questions. Open ended meaning the interviewee can respond any way he or she chooses, elaborating upon answers, disagreeing with the question or raising new issues (Rubin & Rubin, 2012). Interviews were conducted in accordance with phenomenological data gathering methods previously identified in academic literature (Moustakas, 1994). In an effort to meet the criterion of reliability and dependability, an audit trail was established (Lincoln & Guba, 1985). Twenty participants were selected using criterion and snow-ball sampling strategies, and interviewed for the research study.

During the interview the following questions were posed to DSE study participants:

1. Can you describe for me in as much detail as possible your experience as a Supplier Diversity Development Program (SDDP) participant?
2. Tell me what stands out most about your experience in regard to your participation
3. Can you tell me about some of the issues/challenges you experience on a day to day basis in regards to soliciting new business from large purchasing organizations (i.e. corporations, governmental entities)?
4. Tell me how your participation in a Supplier Diversity Development Program (SDDP) helped you to more effectively deal with the challenges you experience in soliciting new business from a large purchasing organization?
5. What is your definition of capacity? Share with me how the term capacity relates to your business?

6. What affect did your participation in a Supplier Diversity Development Program (SDDP) have on your company's capacity?
7. How do you feel about your experience as a Supplier Diversity Development Program(SDDP) participant? What suggestions would you make to improve SDDP going forward?

Follow-up and probing questions were asked throughout each interview in order to garner as much insightful information and rich detail related to each diverse supplier enterprises (DSE) lived experience with a Supplier Diversity Development Program (SDDP) participation. Regardless of the questions asked, the goal of interviewing is to build a solid, deep understanding of the topic under study based on the perspectives and experience of your interviewees (Rubin & Rubin, 2012). A sample of the Informed Consent document and the interview protocol with brief project description and interview questions is located in Appendix C and Appendix D for reference.

Once the Diverse Supplier Enterprise agreed to participate in the study, they were contacted via email or phone to set a mutually convenient time for the interview. Research study participants were asked to allocate 1 hour for the interview and informed that the interview could take longer. Interviews were conducted either face to face, or via telephone if geographic proximity was a constraint to one on one in person interviewing. The interviews had not set or established time limit, and interviews ranged in length from 30 minutes to 90 minutes with the average interview time period being 45 minutes. Each interviewee was provided a copy of the Informed Consent Document (Appendix C) and a copy of the DSE Interview protocol that explained research protocol and procedures (Appendix D). A digital recording application was used to record the interview that took

place face to face and via telephone. The recording applications were tested prior to each interview to ensure sound and audible quality.

After each interview was completed the audio recording was reviewed on two different occasions to ensure that the true meaning and tone of the research participant's response was accurately recorded and conveyed. The interviews were then transcribed from the audio version to a hardcopy Microsoft word format for more in depth analysis and coding. Each single spaced transcript ranged from 8 pages to 32 pages in length. In order to ensure confidentiality and protection of personal participant response information, no other person or entity had access to the audio recordings outside of the researcher and the transcription service utilized by the researcher. Once the interview transcript was fully transcribed it was again reviewed for accuracy, clarity, tone, and general essence of meaning. Spelling and punctuation errors were corrected in the transcript. The researcher read each transcript a second time while listening to the recording to check for accuracy. After each transcript was deemed to be accurate based on the Diverse Supplier Enterprise (DSE) interview response then it was reviewed in order to identify significant statements and common experiential themes.

Interviews were conducted and data collected until the point of saturation associated with Supplier Diversity Development (SDDP) program participation occurred. Saturation occurs when no new themes, ideas, or concepts emerge or are elicited from the interviews being conducted (Glaser & Strauss, 1967). In accordance with phenomenological qualitative research study protocol, saturation is the mechanism which governs data collection. Once a point of saturation has been reached and no new themes or concepts emerge data collection is discontinued and comes to an end (Rubin & Rubin,

2012). The additional interviews conducted confirmed that saturation of the topic had been reached and achieved.

### **Data Analysis**

The analysis process connected to each of the twenty DSE participant interviews required focused thought and reflection regarding the descriptions of the experiences related to Supplier Diversity Development Program (SDDP) participation. In this study, the data analysis utilized Moustakas's Modification of the Stevick-Colaizzi Method of Analysis of Phenomenological Data (Moustakas, 1994). This method consists of two phases: individual and composite. The individual phase provides a vivid account of the underlying dynamics of the experience that accounts for "how" feelings and thoughts associated with the phenomena of SDDP were experienced by each of the research study participants. From the group of individual textual the composite textual description is developed (Moustakas, 1994). The invariant themes of each research study participant are then aggregated into a description which illuminates the experiences of the group as a whole.

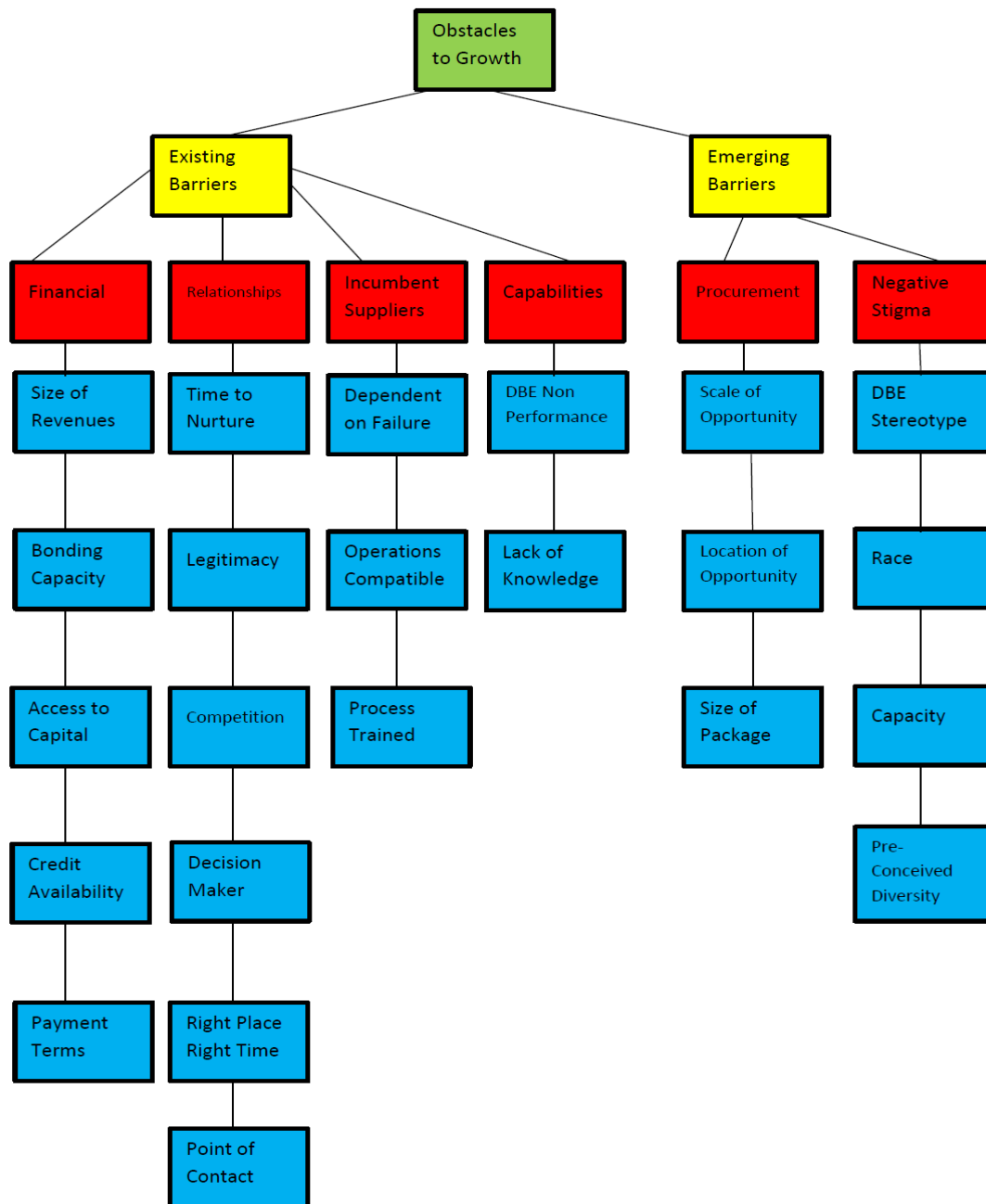
Significant statements were coded with descriptive terms that evolved as the analysis progressed. The significant statements extracted from each interview were in the form of verbatim quotes and were grouped together as commonalities of experience which led to the identification and categorization of essential themes. Descriptions of the essential themes were carefully extracted and written with an emphasis placed on



protecting the participant's identities. Once essential themes were captured and finalized they were submitted to the requisite participant for clarification and validation, as noted in the research methodology and academic literature pertaining to qualitative research validation (Moustakas, 1994).

During the first phase of data analysis each individual transcript was reviewed and the following steps were utilized in analyzing the data: (1) all statements made by research study participants were evaluated in terms of importance and significance related to the description of the phenomena; (2) all relevant statements were identified and recorded; (3) all redundant and/or repetitive statements were excluded; (4) remaining statements were considered "meaning units of experience; (5) these meaning units of experience were related and clustered into themes; (6) meaning units of experienced themes were synthesized into a textural description (Moustakas, 1994). The textural description represents what was experienced in relation to the Supplier Diversity Development Program participation phenomena. These textural descriptions conveyed the thoughts, feelings, perceptions, and opinions of the DSE study participants illustrated with verbatim excerpts from the individual transcripts. For example, in the meaning units where research study participants talked about national supplier sourcing or large procurement packages, those meaning units were called "procurement". After identifying and naming the meaning units, the transcripts were reviewed several times to confirm a level of consistency among the selected names of meaning units. Later the established meaning units were clustered into sub-themes. For example, the meaning unit "procurement" was placed into the sub-theme "emerging barriers" which was then clustered under the theme "obstacles to growth." Figure 4.4 illustrates the research theme

network map containing relevant statements and concepts, meaning units, and sub-themes encompassing the theme “obstacles to growth”.



**Figure 3.4 – Research Theme Network Map**

The blue boxes denote relevant statements and concepts, red meaning units, yellow sub-themes, and the green box represents the research theme.

During the second phase of the qualitative data analysis based on Moustakas's Modification of the Stevick-Colaizzi Method of Analysis of Phenomenological Data, a composite textural description was developed. The composite textural description illustrates and displays verbatim excerpts from the transcripts of all research study participants. The composite textural description serves the purpose of documenting what DSE participants experienced as a whole. The common essence and lived experience of Supplier Diversity Development Program participation through the individual interpretive lens manifested as the reflective experience of the participant population group. The data analysis and coding for this research study was performed utilizing QSR NVivo software. NVivo is a computer assisted qualitative data analysis (CAQDA) tool (Bazeley & Jackson, 2013). The software sorts and organizes the data entered and then compiles all significant categories and themes that recur in the data.

### **Verification & Validity**

The goal of any qualitative scholarly research exercise is to produce the highest achievable outcome result in accordance with the accepted methodology related to the specific research practice. Meanings emerging from the data must be tested for plausibility, sturdiness, and confirmability, the tenets of validity (Miles & Huberman, 1994). Validity is an essential and important component associated with any research study. In order to provide the highest levels of research validity, several strategies were

utilized and applied to this phenomenological study. One of the strategies incorporated was the utilization of rich, thick descriptions provided by the Diverse Supplier Enterprises (DSEs) studied so the target audience and future readers of this study could gain insight not just about the participants, but also how those participants and their experience may compare or contrast to participants in a similar or different situation. A thick description is composed of depth, detail, and richness related to the experience of the phenomena under study.(Geertz) Another strategy incorporated to ensure validity was providing each study participant with the ability to review the transcribed interview and provide any clarifying comments or descriptions they felt were necessary to add clarity or greater levels of understanding to the essence of their individual SDDP participation experience (Polkinghorne, 1994)

The findings of this research study are expressed and presented in the themes section of this manuscript. Themes in qualitative research are broad units of information that consist of several codes aggregated to form a common idea (Creswell, 1998). All significant statements collected from interviews and the formulated meanings associated with those statements were grouped into theme clusters. Each theme created was common across all 20 interview participants and emerged from the participant descriptions, which brought forth a multitude of significant statements numbering into the hundreds. The significant statements captured from the interviews recounted the lived Diverse Supplier Enterprise (DSE) experience with Supplier Diversity Development Program (SDDP) participation. From these statements formulated meanings were generated and then grouped into theme clusters.

## **Ethical Considerations**

Ethical conduct and behavior is an essential component of all research activity, but even more important when conducting qualitative research due to the fact that the research directly engages and interfaces with human subjects. Moral conduct is closely connected to the practical skills of situated judgement and as a consequence the practical skills of the interview researcher, which enable him or her to understand the concrete powers and vulnerabilities in play in particular situations comes into focus. These human subjects have rights that must be upheld and confidentiality that must be protected.

Throughout the course of this study, all of the necessary steps were taken to ensure the Diverse Supplier Enterprise (DSE) study participants rights were recognized and protected. Formal approval of this research was obtained from the Georgia Institute of Technology, Internal Review Board (IRB) in accordance with institutional protocol. The purpose of the study was explained to participants during the time of initial email solicitation, and prior to the beginning of the actual interview. The researcher made sure to take extreme care in protecting participant's rights and confidentiality. Confidentiality in research refers to agreements with participants about what may be done with the data that arises from their participation (Brinkman & Kvale, 2015). The following steps were carried out in regards to personal participant information and confidentiality:

- Participant interview data was only handled by the researcher and an interview transcription service provider

- Personal identity information related to each study participant were disguised using participant codes
- When research material was not being utilized, reviewed, or analyzed it was maintained in a locked file cabinet
- Digital research data was stored and maintained only on the computer of the researcher

The interview participants received an informed consent document detailing the researcher's intent to audio record and transcribe each individual interview session. The informed consent document emphasized that participation was strictly voluntary, and that all data collected from the study would be handled and stored with the highest and strictest measures associated with practices related to confidentiality. In addition it was noted that any and all recordings made of study participant interviews would be used for this research study only. The consent form clearly stated that the purpose of the study was to evaluate the experience of Diverse Supplier Enterprise (DSE) as participants in a Supplier Diversity Development Program (SDDP). The informed consent document also explained the research study being conducted was being undertaken and completed as a partial fulfillment of the requirement of the researcher's Doctoral Research in Building Construction and Integrated Facilities Management. The consent form also denoted that the audio from the interviews was transcribed by the researcher or a third party transcription service that would be unfamiliar with the interview topic, the interview purpose, and the study participants themselves. Confidentiality of the study participants was protected and maintained at all times during the performance of this study. In addition the informed consent document stated that there was no foreseeable risk for

participants agreeing to be interviewed and the names of participating individuals, the names of individual participant companies, and any other personal information was not connected to the summary information. A copy of the informed consent document used for this research study is provided in Appendix C for reference purposes.

Written reports generated as a result of this research study used participant codes created by the researcher for both individual participants and participant companies in order to maintain confidentiality. All data collected will be maintained in password protected cloud based digital storage file that is only accessible by the researcher. The data will not be shared with anyone, except the researcher's academic advisor/committee chair and committee members. All research study related recordings and transcripts will be kept for possible future analysis for a period of five years.

Throughout the course of the research participants were encouraged to ask questions, provide input and seek clarification related to research purpose and research inquiry. Each participant was advised of the voluntary nature of their participation in the research study, and informed that they could withdraw or cease participation in the study at any time without penalty. In addition each participant was made aware that they could decline to answer any question or terminate the interview at any time they felt or chose to take such action. The questions posed to the research study participants did not focus on any activity that led to or caused trauma or suffering experienced by the Diverse Supplier Enterprise (DSE). This being the case the interview format and the interview questions did not pose any physical, social, legal, psychological, or emotional risk to the research study participants. The information conveyed by the study participants and elicited by the researcher during the course of the interview process is a direct result of the researcher's

ability to establish rapport and trust with the study participants. The validity of the interview process was further enhanced and enabled by way of the researcher's participation experience with Supplier Diversity Development Programs (SDDP)



## **CHAPTER 4**

### **Research Findings**

#### **Introduction**

This research study explored the lived experiences of twenty Diverse Supplier Enterprises in relation to Supplier Diversity Development Program participation. The overarching motivation and goal of this research study was the evaluation of Supplier Diversity Development Programs (SDDP) from the Diverse Supplier Enterprise (DSE) perspective. A qualitative phenomenological methodology was utilized in order to aggregate, contextualize, and analyze the lived experiences of SDDP participants. To that end the central research questions the study looked to address and answer are as follows:

- (a) What are the experiences of Diverse Supplier Enterprises that participate in Supplier Diversity Development Programs?
- (b) How does Supplier Diversity Development participation eliminate or mitigate existing barriers/impediments currently identified in academic literature?
- (c) How do Supplier Diversity Development Programs affect DSE capacity development?

The study utilized a qualitative, phenomenological methodology. The research study consists of five phases: (1) identifying and selecting study participants; (2) data collection via participant interviews; (3) data analysis; (4) data verification and validity check; and finally (5) the development of a narrative description that illuminates the diverse supplier

experience with Supplier Diversity Development Program participation. Twenty Diverse Supplier Enterprises that perform a number of service offerings within the Facility Management Industry were interviewed for this study. Interviews were conducted using the interview protocol attached in Appendix D.

Each Diverse Supplier Enterprise (DSE) experience with Supplier Diversity Development Program (SDDP) participation was unique in and of itself, but there were a number of consistent threads that weaved through and meshed each experience together. These commonalities of experience are known as the research themes. This study revealed through the DSE participant's experience with SDDP the following five themes:

1. Program Expectation
2. Program Participation Value
3. Obstacles to Growth
4. Building Relationships
5. Awareness and Education

The aforementioned themes are the gateway through which the lived experiences of DSE, Supplier Diversity Development Program participants can be contextualized in order to formulate and develop greater understanding related to the associated phenomena. The combination of these themes, discovered and brought to life by this research study represent the essence of each Diverse Supplier Enterprise's (DSEs) lived Supplier Diversity Development Program participation experience, as described via their own voice and from their vantage point. Each of these themes and their sub-themes are presented in this chapter with quotes from research study participants' interview

transcripts to support the research findings. When quotes are utilized the research participant's identification from his or her interview transcript are cited.

### **Theme 1: Program Expectation**

The first theme emerging from the data analysis of the interview transcripts related to expectation. When research study participants discussed expectation, it was always based on the perception they held about what they envisioned in regards to program purpose and what they felt in regards to the motivation associated with individual/organizational participation. The emergence of Program Expectation as a theme can be attributed to the fact that each DSE Supplier Diversity Development Program participant had an idea or a concept related to SDDP focus or content. Diverse Supplier Enterprise study participants discussed program expectation in terms of sub-theme(a) program purpose and (b) motivation.

#### **Program Purpose**

DSE 6, a Native American Male paint contractor views the program as a tool to accelerate scale. In comparison DSE 9, the owner of a signage and printing company, with the DC type AAW/LGBT associated program purpose with education. A third participant DSE 12, the Hispanic Female, president of a janitorial company associated program purpose with generating partnering opportunities between small and large

firms. The following statements reflect the viewpoint research study participants had in regards to the purpose of Supplier Diversity Development Programs.

*“I think that in these programs, it's really one word, scale. You're going to the classes, and the speakers and the programs are really working to align the small business owner on how to scale their business.” (DSE 6)*

*“Overall, I think education is a big part of it. Education and then just being grateful that these companies are putting on these programs out of the expenses of their own pocket, we aren't paying anything for the program.” (DSE 9)*

*“They're looking to partner with qualified minority contractors, so that they can then go after business with the airport at the city of Atlanta; Georgia-Pacific, Coca-Cola. A lot of these programs when they're initially presented...I think they hold the carrot out to get MBE companies help them get the contract.” (DSE 12)*

Research study participants articulated similar statements when views related to program purpose were expressed.

## Motivation

Another sub-theme that emerged from the research study dealt with the motivation each Diverse Supplier Enterprise (DSE) held in regard to participating in an

SDDP. There were a number of different reasons or motivations for Supplier Diversity Development Program participation. The following responses illustrate the motivation associated with Diverse Supplier Enterprise SDDP participation.

DSE 2, an African American Female, electrical contractor, and DSE 6 undeniably viewed program participation with the perception that some form of procurement opportunity would follow, even if the work awarded was small in size and scope.

*“You go in those programs thinking, I’m a candidate, I got approved, and that ... I might get a little bit of work from the city. You know, give me the low hanging fruit, give me the peanuts or whatever just to say, I’ve been through your program.” (DSE 2)*

*“A lot of these programs when they’re initially presented, I think they hold the carrot out to get the contract. Therefore, a lot of the participants participate to get the work with the intention that, “Oh, man. I’m going to get all this business. I’m going to make all these money,” (DSE 6)*

DSE 5, an African American Female, janitorial contractor felt that program participation would pay off in some way not totally known or quantified when she decided to pursue program attendance.

*“ These programs is sort of like planting seeds. Well, I think we planted a lot of seeds in these different programs and hopefully as time passes some of those will develop(DSE 5)*

DSE 7, an AAM, mechanical contractor and DSE 8, and Asian American Male, principal of an engineering firm were both driven to participate in SDDP because of desired financial gains for the business.

*“My reason for participation was so we can secure business for our firm, either, if not directly through the program, then indirectly. My expectation is that we will build relationships with people so that we will know more business people and have access to more resources and that we will learn about businesses and how they should be run.”*  
(DSE7)

*“ My goal was really from a business development standpoint. You look at these programs and you try to evaluate, "If I take this program being strategic, I want to do federal business", so that's the only reason to go to the program in the first place, because you want to try to get federal procurement.”* (DSE 8)

An overview of the statements provided by the research study participants demonstrate the motivation for SDDP participation. DSE program participants sought growth for the enterprise, a return on invested resources, and a return on efforts and energy expended as a result of program participation. A constant and consistent premise regarding DSE participation was the expectation that something would be gained from Supplier Diversity Development Participation, but as the interview responses indicate there is a variance in regards to just what would be gained and how it would be realized.

A number of the Diverse Supplier Enterprise participants referenced having a plan regarding the goal of participation, while a segment of participants seemed to feel that it was the role and responsibility of the Supplier Diversity Development Programs to formulate and execute actionable initiatives and learning objectives directly and specifically related to and geared towards the respective business.

## **Theme 2: Program Participation Value**

The term value in this case can be interpreted as the benefit Supplier Diversity Development Program participants received and the manner by which that value was realized and experienced by the Diverse Supplier Enterprise (DSE). Each of the 20 DSE study participants spoke about or referenced the perceived value related to Supplier Diversity Development Program (SDDP) participation. The participants interviewed spoke in varying degrees about the value they received from participating in the program individually and in regards to their respective organization. Program participation value was the second theme that emerged from the research study data analysis. The diverse supplier enterprise research study participants expressed program participation value based on the following subthemes (a) actual program delivery, (b) program facilitators, and (C) DSE peer participants.

## Actual Program Delivery

The following interview respondents viewed Supplier Diversity Development Program participation positively in regards to actual program delivery. DSE 4, an AAM/SDV, drywall contractor conveyed an extremely positive experience and solutions based experience related to SDDP delivery.

*“The JED program is excellent. They've very detailed, very thorough, and they seem to have zeroed in on all of the challenges that a subcontractor actually... A minority subcontractor deals with. They really get down to the nuts and bolts and help you work through... Show you how to work through those obstacles and those issues.” (DSE 4)*

DSE 6 and DSE 10, a white female, managing partner for a Commercial Real Estate Services firm also expressed positive experiences related to SDDP delivery

*“I'm seeing all kinds of gains in my business because of the things I learned in the program, the presentations, the people there who are presenting, the topics that they're discussing.....and then I'm going out to the market or to Amazon buying books and reading, and then coming back and talking to those people asking them question, using them as a resource” (DSE 6)*

*“ These programs are great, they're very valuable because they make you aware of the resources that are out there that can either strengthen or be there for your business when*



*they run into issue, whatever it is. Be it financial, be it personnel, human resources related or just marketing. They're great and there are a lot of resources in the state of Georgia that are there for you for these programs.” (DSE 10)*

DSE 12 commented on the manner in which SDDP deliver raised awareness about opportunities and facilitated relationships.

*“ It's eye opening to the world of business the opportunities that are out there and the main thing for business owners posturing yourself so that you can be able to take these opportunities and meeting with the right people who can, as you say in these program, who can mentor you so that you are ready to take on possibilities when they come up.” (DSE 12)*

DSE 13 an AAM, General Contractor, DSE 15 a WM/LGBT architect, and DSE 16 an AAF president of a transportation services firm shared positive experiences related to Supplier Diversity Development Program delivery as well.

*“The program, I thought was, the curriculum was very well thought out for the growth centric in the MBE-firm that was trying to take their company to the highest heights and reaching their fullest potential” (DSE 13)*

*“ Absolutely positive for each program we have done. I say that because each program was a gradual step. The first program helped me with the business plan. The other*

*programs showed me what tools I needed to use to bring into the business. The other program focused on what you need to do in order to sustain, and then some programs were.... like the Mentor Protegee, this is going to help you polish up some things and build on what have you. All of them have been a progression.” (DSE 15)*

*“ The thing is that I think the great thing about Tuck was at least we had the accessibility to know those people are out there. When I got back from there, I started thinking about the supply diversity aspect and making a list of where it made sense for me to reach out to people.” (DSE 16)*

Although there were a number of SDDP participants that shared a positive experience related to actual program delivery there were Diverse Supplier Enterprises (DSE) that did not share such a positive viewpoint. In fact they perceived the program delivery in a negative light or believed the program delivery to have no value at all.

DSE 3 a Hispanic Woman, paint and drywall contractor related her view and experience with program delivery to the time burden she experienced as a result of program participation and the lack of perceived or definitively achieved benefits.

*“ It's not been favorable. For a business owner, it's been time consuming and it's a lot of stuff and a lot of homework that, as a business owner, I feel like you should already have or have a clear understanding of. At the end of the day, there doesn't seem to be any huge*

*benefits because it was not a financial benefit, it wasn't a knowledge benefit. There was no development benefit. There wasn't any financial benefit.” (DSE 3)*

DSE 8 and DSE 20, a WF/SDV that owned an exterior building maintenance company both referenced the SDDP delivery experience as elementary and non-informative.

*“ Again, it's been very elementary. In other words, how are you branding yourself? Do you have a logo? Do you have a website? How do you approach the market in regard to what scopes of work are you an expert in? Pretty much that's the extent of it.” (DSE 8)*

*“What stands out most is, I feel like, for nine months, you leave with nothing more than you came with. It may have benefited some people that were in the room. Some people may have gotten a little more. Because again, these are all ... I guess it may be a little bit different based on my background...I already knew most of the stuff.” (DSE 20)*

## Program Facilitators

The ideas and perspective held by each Diverse Supplier Enterprise (DSE) interview respondent in regards to the theme program expectation played a significant role in the way they approached and matriculated through the respective supplier diversity program they were a part of. This initial perspective then laid the framework for how DSE participants rationalized and experienced the actual delivery of program concepts and learning topics. The same perspective also influenced how they viewed and

responded about sub-themes related to (b) program facilitators and (c) peer program participants. The Diverse Supplier Enterprise program participants displayed a wide range of sub-theme responses associated with program facilitators. The following statements reflect statements about program facilitators by Diverse Supplier Enterprise program participants.

DSE 1, a Hispanic Male, General Contractor and DSE 9, conveyed positive experiences related to SDDP facilitators.

*“ They wanted to help us in the broader community. For instance, they wanted to make sure that we were members of the other organizations that they felt that a minority business should be a member of.” (DSE 1)*

*“ It was actually driven by the program director more so. We got to know our peers and we worked a little bit with our peers, but it was driven to help you develop your business skills, period.” (DSE 9)*

DSE 2 posited two scathing comments, which referenced the experience with program facilitators as negative based on the perceived effectiveness of the facilitator, in addition to the lack of content specific knowledge they displayed in relation to small business practices.

*“ Nothing, especially with some of the sorry mentors, nothing is going to change from month to month. We take an hour and a half, almost two hours on that, reporting. Then we go into the subject matter, and then the subject matter is something that I've already taken.” (DSE 2)*

*None of the mentors or anything like that have any of the challenges that I experience. No, it's not going to help. They don't have the same ... They don't have financial challenges, they don't have staffing challenges, they don't have human resources challenges, they don't have, you know, all of those things.” (DSE 2)*

DSE 18 shared a common viewpoint with DSE 2 when it came to providing feedback and input about program facilitator acumen and knowledge related to small business practices and operations.

*“ I think about with those type of people, though, it's very difficult because they're not business owners. They get a paycheck so it's hard to kind of convey what your needs will be because you're an employee and you don't understand the business, the overall business” (DSE 18)*

#### DSE Peer Participants

Diverse Supplier Enterprise (DSE) study participants had the following remarks related to DSE peer participants.

DSE 1, DSE 6, DSE 13, and DSE 15 all put forth negative comments and views related to fellow DSE program participants. Negative perception resulted from the perceived capabilities and understanding DSE peer participants held related to the program content and curriculum. In addition some DSE participants questioned the motivation and legitimacy of DSE peer participants.

*“ They can feel entitled. Some of the people entering the program have that sense of entitlement, "I'm a minority woman," or a minority man, "and you're just supposed to give me this because this is a minority program." (DSE 1)*

*“ I would say 90% or more of the people that participate in the programs from the minority side are participating in the programs for get-rich-quick type real estate schemes thinking they're just going to get a contract. Then, that contract is going to lead them to more contracts, and more contracts, and more. That's not how it works.” (DSE 6)*

*“ When you start to work in groups you see that the business challenges that everybody's not on the same page business-wise. It starts to kind of bog down the group because you may be stronger in accounting or other business functions. But what you find out a lot of times in these programs is that the people that are in the programs are technical people. They are not business people. These are business programs that are trying to teach technical people how to run a business.” (DSE 13)*

*“ A good analogy for me is you got guys that can grade and haul. They are good at that....been doing that type of work for twenty years. Then you put these guys in a room where they're trying to learn marketing and they're trying to learn accounting and financial forecasting and things like that and they just don't have the training that is needed there.” (DSE 15)*

*“ For me what stood out was the ... Just the strain that a lot of the people in the course were having, understanding some of the concepts with business. (DSE 20)*

DSE 3, DSE 4, DSE 7, and DSE 8 did not relay negative observations about the experience with DSE peer participants, but they did provide insight regarding business maturity and stage of participating company development. Responses were also given that referenced education level of DSE peer participants.

*“ Because in those supplier diversity programs, the workshops, the seminars, the classes, whatever, you have companies there represented that are on completely different levels of their business maturity. Some people are completely grass roots. Some people, or contractors, have extensive experience. So they're there for different reasons.” (DSE 3)*

*“ Having to sit there as a company that's been there for three years with companies who are literally just started last week is an interesting dynamic” (DSE 4)*

*“ What the people in the class need to understand is that they have to raise their game. Then, not only they have to raise their game, they have to convince the people that are buying out the contracts to give them an opportunity and then, once they get the opportunity, they got to execute. They're not going to get it because they're the token lady or the token Latino or the token Asian. They're going to get it because they work their ass off. Most people aren't willing to go the distance. They really should stay being a lifestyle business and not try to scale because they're not willing to do what it takes” (DSE 7)*

*“ These are all different businesses that have been accepted into the program. You go through an application process and then they accept you into the program. The businesses are very diverse and there's different skill levels all within the room. You may have some guys that the majority of them have started businesses and may be college educated, then you have those who have a business, been going for a number of years, but they don't have more than a high school education.” (DSE 8)*

DSE 16, and DSE 19, and AAM, president, of a security firm expressed positive experiences related to DSE peer participants. Both DSE 16 and 19 seemed to relish the company and appreciate the give and take that occurred with a diverse grouping of business people.

*“You met folks from all around the country. When you're in that big picture with them, you're with a few construction guys with a lot of IT people, with some born and bred entrepreneurs.” (DSE 16)*



*“ A lot of the people that we are in these programs with, our peers, they have MBAs and things of that nature, so yes. They do have a step on us, but like I say, we learned from them, and they learned from us.” (DSE 19)*

Almost every DSE study participant reflected on their experience in regards to the DSE peer participants that were involved in the program with them. How they viewed and thought about the peer participants in the SDDP directly correlated to their evaluation of the program and more importantly it was a factor in the perceived value they received from the program itself, as a whole. The DSE experience with peer program participants was a far greater component of program experience conveyed by study participants than that of program facilitators. For those Diverse Supplier Enterprise program participants that defined the experience and the value gained negatively, there were two common attributes. The DSE participants felt the program was either (1) too elementary or redundant or (2) did not result in the acquisition of any new business or any new contracts. The manner in which value was perceived and experienced in relation to program participation invariably played a role in the essence of the lived experience of each Diverse Supplier Enterprise and additionally correlated to their experience and perspective associated with the remaining three themes.

### Theme 3: Obstacles to Growth

The purpose of this research study was to evaluate the experience of Diverse Supplier Enterprises (DSEs) with Supplier Diversity Development Programs (SDDP), and to shed light on the manner and degree by which the programs mitigate barriers and impediments previously identified in academic literature. The following statements reflect the barriers and impediments Diverse Supplier Enterprises experience when trying to solicit business from large public and private purchasing organizations. The sub-themes associated barriers/impediments diverse suppliers experience in reference to obstacles to growth are the following (a) existing barriers and (b) emerging barriers.

#### Existing Barriers

DSE 2 associated the barriers she experiences related to soliciting new business from a financial viewpoint.

*“ My only challenge has really just been from a financial perspective because when we went, what was the entity, we went to Supplier Diversity when they were doing the airport, getting ready to let all the concession work, and Host Contractors was the prime, they did an outreach thing, you know they had a majority of the concessions, the concessions out there. They make you, you know, fill out the little statement or whatever and then I get this nice little letter saying that based on my revenues, I'm not qualified to basically bid on any of their work. ” (DSE 2)*

A number of research study respondents interpreted and described experience with barriers from a relationship perspective. DSE 3 and DSE 14 a Hispanic male, with a landscaping firm noted the importance of relationships in the Facility Management industry, but they were also very aware of the time commitment associated with pursuing and developing relationships. It was also conveyed that relationships are two-fold, buyers have to get to know the purchasers, and purchasers have to get to know the buyers as well.

*“ I feel like in construction it's definitely a relationship business and I sometimes feel like I don't have the time or the energy or the patience to have to, again like I said, make eight or nine phone calls to talk to who is the alternate decision maker here? I'm the owner of my company am I only having to deal with your project manager? Or your estimator? You know what I mean? That's the difficult part. ” (DSE3)*

*“ Some people think we're not ... They don't take us serious. They think oh, who is this Hispanic company trying to get business and we have to prove ourselves to show that we're not just a fly by night company. They have to come see our building. People want to label us as just a broker or a pass-through. That's not what we do. We actually handle and do the work. For years, we had to prove that we were serious and it wasn't until having the footprints of the NMSDC and being a part of different associations when people start saying, oh, these people are for real. It took time for people to get to know us. ” (DSE 14)*

DSE 7, DSE 9, DSE 10, DSE 15 and DSE 18, a hispanic male with an audio visual media services firm viewed relationships as a necessity to be able to “break-in” with a company and get to a point where they could sell their company service offerings to perspective buyers. In this case DSE participants referenced relationships as the key ingredient in accessing potential supply chain opportunities.

*“ It's always been a struggle for us, getting in, because there's so many mechanical contractors, and there's so many more larger mechanical contractors that are not minorities, so, "Why should I try this guy?" You tend to do better with government entities because they have a strict guideline that they have to go through. It's not who you are or whatever. They can get around it at times, but it's kept more in check than the private sector. Corporations, it really boils down to relationships, and when you get to the level of ... If you make it up to the level of, "Okay. This guy's a guy's that's going to give me a contract if we click off on our pricing or he believes we can handle it." (DSE 7)*

*“The challenge is getting to the right person that can make the decision. That's probably one of the big challenges and because I came out of 35 years of corporate, I know how easy it is to push you off, becaus I used to do that. Getting to that person and having them have enough trust to give you the opportunity even if it's a big opportunity, knowing that you can do the job.” (DSE 9)*

*“ It's just getting yourself in right position when there's opportunities there, and keeping in contact so when there's opportunity there that you have that rapport already in place. They know what your company is about, they know what you're about if the opportunity comes available for you to do business with them.” (DSE 10)*

*“ The challenges that we have is that we aren't able to compete at certain levels, because when these facilities groups go out and they work with these large scale purchasing organizations, for example, these guys have already done an RFP or an RFI or an RFQ for bringing people onto that vehicle. When you go solicit to the facilities group or to the purchasing organization, they've already selected who they already have. At that point, you're a fish out of water until they come back around and add people to the pool of contractors.” (DSE 15)*

*“ Let's just use BOA for instance, they're so huge that there is not just one person that you can go to, to help you. Do they have a supplier diversity chief? Yeah, but come on who the hell can get to her when you really need it? Plus she's going to say, "Listen, the person you need to talk to is X-Y-Z." (DSE 18)*

Additional perspective was provided by DSE research participants, based on their felling related to incumbent suppliers in markets they looked to penetrate. DSE 4 and DSE 13 believed that opportunities only come available when an entrenched supplier fails to perform.

*“ Where there could be a minority company out there that gives twice the service and is more technically capable.” But because they don't have that relationship, they can't get in. There's no motivation for the... in my instance, the project managers buying out the jobs, so even if estimating gave them the recommendations or the pre-construction department recommended our company, they still go to their person they trust and use .”*  
(DSE 4)

*“ They got contractors they like. They don't have to train them. Until somebody screws up and your conversation marries up with that timing, you basically have to be walked in there. It doesn't matter what color you are. Because, at the end of the day, while supply diversity can create access, it don't create the bid flow. The facilities group or purchasing owns that. If they've got a rotation that they're comfortable with, you have to wait for a disruption. You have to wait for the opportunity to marry up with capability.”* (DSE 13)

DSE 8 and DSE 12 referenced a lack of understanding in regards to the capabilities of the diverse supplier. In contrast they were fully aware and well versed with the current service providers capabilities by way of experience and relationship.

*“ From our business standpoint, you gotta solicit new business. What's happened prior to us getting into business, there's been a lot of organizations been burned, on the government side, on the commercial side by minority firms that have come through these diversity programs that are not as sophisticated or educated in doing business. It goes back to my earlier point, a lot of these people are technical people, they know how to do*

*a job, but they don't know how to do business. So when we're in this business and we're going around soliciting these different programs and these different customers, what we find is that because they've been burned a lot by minority contractors, we're going in and we're saying, "This is who we are. Got these skills, we can do this". They've heard all this before, and so they're more gun-shy for new organizations.” (DSE 8)*

*“ Probably just opportunity and a lot of it I understand, because if I were a ... Home Depot and a company that was valued at under a million dollars comes to me and wants to do anything ... How do I know that they have the funding to be able to do the scale do the volume that I have to have? And what kind of history do they have to show me that they can take on large jobs, handle the deadlines, blah blah blah.” (DSE 12)*

### Emerging Barriers

A number of the aforementioned statements convey DSE participants thoughts and feelings about existing barriers but comments and reflections by Supplier Diversity Development Program participants also provide insight about new and emerging barriers they experience in regards to soliciting new business from large purchasing organizations (LPO). DSE 5 expressed barriers encountered in reference to soliciting new business in terms of geographic location of procurement opportunities. DSE 7 and DSE 11, an

African American female, partner in a commercial real estate firm spoke of the large size and scale of procurement opportunities.

*“ One of the issues is how they bundle, especially in the government, or on the corporate side, making it national. You can't start out doing national, or even regional things, you don't start out that way. It can be frustrating at times. Because, I can think of a couple of corporations now I'd like to do business with, but they say, "You got to be national." Well, I'm regional.” (DSE 5)*

*“ Most minority businesses or suppliers are of a smaller size, so they need that development to get to the procurement opportunity that these corporations have. These corporations don't really break stuff down in order for you to get it. It's a push/pull type thing, and it's not happening.” (DSE 7)*

*“ We're a real estate services firm and we're a small real estate services firm, I think sometimes works to our disadvantage, because a lot of the big, big corporations, the Aflacs of the world, the Coca-Colas, the Wal-Marts, they use companies, real estate firms that are really large. They want to be able to have full service when they sit down with a broker at the table.....because of the multitude of properties that they have. I think traditionally they wanted real estate firms to be able to address all problems. That basically puts all of the real estate firms, or the minority real estate firms, the women-owned real estate firms, they're small like mine, it puts them out of business.” (DSE 11)*



DSE 15 based the formation and development of the emerging barrier on the large purchasing organization business model favoring smaller numbers of service providers.

*“ What we're finding is that everyone is trying to streamline procurement, meaning that they're trying to not have a thousand vendors on their books. They're trying to scale down their vendors” (DSE 15)*

In addition a new emerging barrier a number of Diverse Supplier Enterprises spoke about was the feeling that there may be a perceived negative stigma associated with participation in Supplier Diversity Development Programs when trying to sell services to a large purchasing organization. DSE 3 felt that when supplier diversity initiatives are misguided it presents a problem for the diverse supplier in the market place.

*“ I do think that we've to be very careful, minority firms had to be very careful about going out there, "Hey, we're a minority certified entity," because I think if you push that too much, you'll really start from a deficit. When it's pushed too much or in the wrong way, the people making decisions at the frontline, they start to negative stereotype minority companies saying that, "Oh, I'm just having to do business with this person because they're a minority company.” (DSE 3)*

DSE 4 experienced the stigma associated with supplier diversity when he attempted to pursue business opportunities targeted towards military veterans.

*“You've got to make people visible. That's what's wrong with the diversity program. You're putting my color in front of my humanity. It's a hard pill to swallow. I didn't tell you to say I was black...I'm American. I served my country. You're using this and it's hurting me. That's what's missing.” (DSE 4)*

DSE 12, DSE 16, DSE 19 an AAM, owner of a security firm, and DSE 20 all addressed the perceived stigma from a capacity perspective. They held the view that participation in SDDP created a deficit related to how organizational and individual capabilities were assessed in the marketplace.

*“ I think the thing though that can be tough as well.....is that being that diverse supplier there's all these stigmas around it.” (DSE 12)*

*“ I think the other problem quite frankly, not just in these programs but in programs in general is that we're African American females. I still think there's a problem in our society with assessing who we are as people and whether we can do the work that we can do.” (DSE 16)*

*“ In essence, diversity programs are supposed to be presenting us with a lot of opportunity. What's happening is that someone is taking a card and they're like, "Black company." That's what that is .....because instead of someone coming to be open and do business with you across the table like business people do, all that's being looked for is a solution for how we accomplish the end result, not necessarily how do we create a win/win or how do we just do business with this firm on the merits of its business.” (DSE 19)*

*“ Well the biggest challenge that I run into, and this is always why I back into supply diversity is if I lead with that they instantly believe you don't have the capacity to service them. They don't question whether you have it or not. They instantly just assume you do not have the capacity nor the bandwidth to service them.” (DSE 20)*

DSE 17, a female of Middle Eastern origin, president of a general contracting firm presented one of the most interesting perspectives of the entire study. She experiences the stigma in reverse. Her identification as diverse is always approached as a matter of question instead of a matter of fact, as a result of preconceived ideas related to diversity

*“ I'm still not in on the diversity deal. I'm still an outlier. I can't get in the door. I can get in the door as a woman. I cannot get in the door as a Middle Easterner. I'm a white person. I'm literally an alien. I have a little too much pigment in my skin to be white. I'm apparently not a discriminated class even though everyone asks me if I have a bomb strapped to my chest.” (DSE17)*

#### **Theme 4: Building Relationships**

Although Diverse Supplier Enterprise (DSE) participants had a number of thoughts and responses related to the “Obstacles to Growth” theme there was another theme that emerged in relation to research question number two. The theme was Building Relationships. A number of the research study participants noted and asserted the strong role access and relationships played in the mitigation of the barriers and impediments encountered when looking to solicit business from large purchasing organizations. Research study participants expressed perspectives related to Building Relationships in reference to sub-theme (a) access and (b) engagement DSE participant interview responses related to this theme are as follows:

##### **Access**

The following Diverse Supplier Enterprise respondents spoke about relationships in terms of access. The ability to meet people they wouldn’t have met before without Supplier Diversity Development Program participation

*“ In terms of all of these programs .....I've left with better relationships, new relationships, and a great deal of understanding of the business arena and how it operates.” (DSE 4)*

*“ The programs have made introductions. That has been very helpful when we knock on doors.” (DSE 9)*

*“ The programs were helpful because I built relationships and, of course, over a period of time, we were able to get to the gatekeeper.” (DSE 10)*

*“ We were able to make connections with people at big businesses, some of which we've been trying to get business with for a long time. I have a meeting in November with one of those commercial brokers from a business I've been trying to get work with. I can't really say that we won't get business as a result of the program.” (DSE 11)*

*“ If there was someone we needed to meet at a major corporation, they helped to set up the appointment. If there was something, dealing with a certification they helped us get it all together and all focused, so we could get that and get to where we needed to meet the right people. Out of all of these and all the programs we've been part of, I have to say we have met the right people, it's just it's an ongoing process because of the type of service that we sell.” (DSE 19)*

## Engagement

DSE 1 and DSE 3 viewed engagement as beneficial and a potential advantage in regards to future procurement opportunities.

*“ Those relationships, they are real, you have the right people in your corner, when it comes time for the RFP to come out, you'll have an advantage.” (DSE 1)*

*“ Understanding that developing relationships and executing the work is what's going to get you the contracts is knowledge. You're not going to get the contract because you're a minority company. That happened probably in the first decade or two of implementing these things. It doesn't happen anymore.” (DSE 3)*

DSE 7 and DSE 15 referenced engagement with various members of a particular organization which facilitated a better understanding of culture, process, operations, and expectation between both the supplier and the buyer.

*“ You understood their processes and what they had to go through, but the big thing was developing relationships with the various managers, VPs of diversity and so forth to get to that decision maker. It's pretty rare. If you talk about the number of corporations we've engaged and the opportunities that we got from these corporations is very slim, but we did take advantage of the opportunities, so we were able to continue in building a long relationship with these corporations.” (DSE 7)*

*“ It's just getting yourself in the right position when there's opportunities there, and keeping in contact so when there's opportunity there that you have that connection*

*already in place. They know what your company is about, they know what you're about if the opportunity comes available for you to do business with them.” (DSE 15)*

DSE 12, DSE 14, DSE 18, and DSE 19 expressed the value of the engagement they experience with program mentors/facilitators and DSE peer program participants.

*“ Specifically from our mentor, and I keep talking about this relationship building because of his position and relationship with the other supplier diversity people at other companies, they were always a great resource for us when we were looking for something or having questions or what events to attend, who to speak to at the event. They were great with that, helping get in that foundation and therefore start building a relationship. Prior to the program we didn't know any of the supplier diversity people at these major corporations.” (DSE 12)*

*“ I guess what stands out to me the most would be the fact that we met so many people who had so much to offer us just in the business arena. We have made some very strong relationships that are continuing to this day.” (DSE 14)*

*“ The relationship building, that's the strongest thing. Is in building the rapport with the supplier diversity people that we were in contact with ... And the Georgia Mentor Protegee Program, that we were lucky enough to be able to interact with them at least once a month and beyond that, so I have a great rapport with those people.” (DSE 18)*

*“ If there was someone we needed to meet at a major corporation, they helped to set up the appointment. If there was something, dealing with a certification they helped us get it all together and all focused, so we could get that and get to where we needed to meet the right people. Out of all of these and all the programs we've been part of, I have to say we have met the right people, it's just it's an ongoing process because of the type of service that we sell.” (DSE 19)*

### **Theme 5: Awareness and Education**

The final theme which emerged as a result of the research study related to the Diverse Supplier Enterprise (DSE) experience with Supplier Diversity Development Programs (SDDP) was Awareness and Education. This theme emerged out of research question three which dealt with Diverse Supplier Enterprise (DSE) capacity development.

Specifically the research study was interested in gauging the level or degree to which SDDP participation impacted business capacity development. DSE study participants communicated views related to the theme awareness and education via sub-themes (a) meaning of capacity, (b) tangible capacity (c) intangible capacity. As it relates to how Diverse Supplier Enterprises interpreted or defined capacity interview responses are as follows:



## Meaning of Capacity

DSE 2, DSE 3, DSE 8, and DSE 13 all defined capacity based on human capital associated with the particular organization.

*“ No. I don't care what industry it is. When I think of capacity, it's really about human capital.” (DSE 2)*

*“ I think it comes down to human capital, man. One, you obviously, you got a plan and you got an organizational chart. That's going to be very well thought out. You're going to have all your job descriptions and say, skill set requirements for every single position and then, you need to focus on that on a daily basis, recruiting people. People talk about systems. Systems are great, but without excellent people, systems suck...” (DSE 3)*

*“ My definition of capacity is how much your business can take on, in terms of people and resources. When you look at capacity, from our business standpoint, it's about how much man power do we have to take on the project that we take on. It's never in terms of financial resources for the business, it's just always a matter of ... When I say capacity, if we got a ten million dollar order, do we have the capacity to the skillset or the labor force to satisfy that one particular order.” (DSE 8)*

*“ Well, the most important capacity in my mind that our company has to have is brain power. Yeah, you got to have money, you got to have lines of credit, but if you don't have the necessary people. Basically having the right people on the bus in the right seat. That's it. That's the capacity issue. Because, in construction, you got the wrong person on the right job and they fail, you won't be in business long.” (DSE 13)*

DSE 5, and DSE 7 defined capacity in terms of financial positioning

*“ At the end of the day, it's all about how do you generate revenue and how did you sustain it, and then, how do you grow roots? That, to me, is how companies grow, that's how they build capacity, and that's how they stay in the game.” (DSE 5)*

*“ The definition of capacity, in my opinion, is obviously financial strength, technical expertise, and business practices. Those would be the three that I consider capacity. I think all three of them needs to be synced to determine what level of capacity you are and what your ability to take on more work.” (DSE 7)*

DSE 17 correlated capacity to bonding which is a risk management mechanism utilized in the construction and facility management industry that is based on financial positioning.

*“ What it means to my business, to me is defined as bonding capacity. Because, even if it's not bonding capacity, it's based on the level of jobs you've completed. Right? To get to the next one.” (DSE 17)*

DSE 9 associated capacity with their own abilities to produce and contribute to the business

*“ For me, capacity is when I cannot do more than I'm currently doing but I need to do more to elevate the business” (DSE 9)*

DSE 10 and 18 defined capacity in relation to the organization's production output.

*“ Generally capacity, in a general sense is the ability or power to do something, a skill. If you apply that to a business, then it's the max amount of output a business can provide using available resources.” (DSE 10)*

*“ Capacity, to me, means your company's ability to complete a project.” (DSE 18)*

DSE 12, 15, and 20 attributed multiple factors such as human capital, finance, and equipment to the meaning of capacity.

*“ For us ... capacity ... it's a few things from the employee's perspective. It's how many employees do we need in order to accomplish whatever our ultimate goal is. And if that ultimate goal can be summed up in a dollar amount ... Then quantify it a little bit with how much work is actually involved in doing that, then how many employees will it take to maximize. Kind of maximize our potential for growth. And then it also affects our equipment capacity, right. How much equipment then is it going to take ... to do everything that we want to do as we go for whatever that target amount is.” (DSE 12)*

*“ Capacity, for us, is having the internal personnel, the people, to respond to customer need and produce. Then, also, do we have the financial resources to help us or carry us through those gaps where we have to carry payroll for a good thirty, sixty, or ninety days?” (DSE 15)*

*“ My definition of capacity comes in only two sectors. The financial capacity and your technical capability. First and foremost the most important part are your technical capabilities. Can you actually do this project? Do you have the where-with-all to actually pull a team together?” (DSE 20)*

The Diverse Supplier Enterprise (DSE) interview responses related to the meaning and concept of capacity provide insight and context into the manner in which program

participation affected business capacity development. For the most part every research study respondent categorized and associated capacity with one of the following:

- People
- Finance
- Technical Expertise

It is with this context and insight that we are able to better understand the Diverse Supplier Enterprises perception and understanding of capacity. In addition it illuminates the interpretive lense utilized by the Diverse Supplier Enterprise (DSE) in evaluating Supplier Diversity Development Program (SDDP) participation impact on business capacity development. The following responses illustrate the feelings Diverse Supplier Enterprises (DSEs) have about the impact SDDP participation had in relation to business capacity development.

### Tangible Capacity

In regards to capacity the sub-theme, tangible capacity was expressed in terms of knowledge, awareness, skill, process refinement, and business growth. It more readily correlated to a concrete improvement or definitive benefit.

The following research study participants all spoke about capacity in terms of knowledge.

*“ All these programs simply either polished me up enough or helped me understand that documentation of course is key, but more than that it helped me navigate my way through something that was going to take ingenuity.” (DSE 4)*

*“ To look at, when do you invest and when do you not? Do you wait until you're all the way, to the point you're turning down business, turning down business or would the investment get you business that you couldn't get without it. That we did learn.” (DSE 8)*

*“ That the program helps, us to think more as business owners. A lot less like a job and more about it's your business. And you always got to be thinking like an owner ... on what are the things that you have in your business currently that you need to improve on. What kind of targets do you have to hit and then how do you track those things.” (DSE 9)*

*“ I can say that the programs enlightened me about capacity, and of where I need to be if I wanted to go to a certain scale.” (DSE 15)*

*“ Going through the program has added to the greater goal of the company. It's added to it because I'm one more person who is feeding into the company, feeding in my knowledge, feeding in the things that I know, feeding in my contacts. I think that going through the programs, I've become an asset to the company because I'm able to feed into the growth of capacity.” (DSE 16)*

*“ That actually impacted my level of capacity in the sense of understanding my management style better, and other management styles, as well as understanding my financials because I will always come back and say that because in the past I never really paid a lot of attention to it.” (DSE 19)*

DSE 3, DSE 6, and DSE 12 all expressed tangible aspects of capacity development received from the program with process refinement.

*“ Made us think that okay we've got to keep that constant in our thought process and as we continue to meet and talk and evaluate our business. We all ways have to look at our profit loss reports. We all ways have to look at how much material we bought versus how much material we actually used which quantifies how much waste we actually had.. ”*  
*(DSE 3)*

*“ I think other than helping us to kind of quantify ... How do you define the growth of your business? I think that's probably what was the most beneficial ... What are the things that you need to track to define your current growth and then your future growth? So yes it was very key in just bringing that to the forefront so that is something that the company focuses on as continue to grow.” (DSE 6)*

*“ Wow, from the operations, the policies, procedures, that bottom line. Your financials. The operations really just go hand in hand. Managing employees, having your policies,*

*procedures, how you hire, how you take on a new contract, how you manage that new contract, from A to Z, all this entails, hiring employees, putting equipment on the ground, payroll, what are the job site rules. The programs helped our company understand these things.” (DSE 12)*

DSE 5 correlated the tangible capacity with the award of a new contract and growth into additional market locations.

*“ It helped us expand the business a lot in the region. Initially, we started in Georgia, then we went to Florida. We still are in Florida. We’ve been in South Carolina. Then, praise God, we are international. We just renewed our contract for the US Embassy in Jamaica.” (DSE 5)*

### Intangible Capacity

Diverse Supplier Enterprise research study participants had many perspectives related to beliefs and views about intangible capacity. In this case capacity was related to, feelings of confidence, mindset, perspective, and self-worth. The DSE responses related to intangible capacity are as follows:



*“ I've improved my soft skills a lot. I was a lot harder before. People aren't returning my phone calls or e-mails, basically knowing they are lying to your face, "Oh, yeah. I'm going to get with you." "Oh, yeah. I'll give you an exit report or a post-mortem on that project you estimated," and then they never do. I just realized that people are busy. It's my job as a business owner understanding that there are many competitors out there just to stay in front of them. To stay in front of them, to keep a smile on my face, and understand that eventually, they'll open up and maybe they won't. If they don't, are they even someone I want to work with?” (DSE 1)*

*“ I'm continually sharpening the sword, and that's what the programs are about. If I wouldn't have gotten in the program or if I had gotten in the program and quit, I wouldn't be anywhere near where I am today. I still got a long way to go. If I was doing it on my own, I'd still be doing residential, frustrated, making less money, no prospect of the stuff that we have in store for us for 2016.” (DSE 2)*

*“ That's the biggest thing with Tuck was putting us in a mindset of development of strategy for our business and the growth and development of our business.” (DSE 7)*

*“ That the program helps, us to think more as business owners. A lot less like a job and more about it's your business. And you always got to be thinking like an owner ... on what are the things that you have in your business currently that you need to improve on. What kind of targets do you have to hit and then how do you track those things.” (DSE 9)*

*“ Considerably. I'm able. It gave me more strength, and more confidence. I have more confidence in myself. I used to not have confidence in myself.” (DSE 17)*

*“ That actually impacted my level of capacity in the sense of understanding my management style better, and other management styles, as well as understanding my financials because I will always come back and say that because in the past I never really paid a lot of attention to it.” (DSE 19)*

*“ I felt at that moment, after that, the graduation part, I felt like I could take on the world. I was ready, motivated, and ready to pass that on to the next person. I think what I've gotten out of both of them is the willing to take the knowledge that I learned and share it and encourage people” (DSE 20)*

### **Summary of Findings**

This chapter presented the findings of the study on how Diverse supplier Enterprises (DSEs) experience participation in a Supplier Diversity Development Program. The “thick” narrative description of the study participants lived experience revealed five themes: (a) program expectation, (b) program participation value, (c) obstacles to growth, (d) building relationships, and (e) awareness and education. The next

chapter provides response to the three research questions associated with this study, a summary of the study findings, implications for practice, and recommendations for future research.

## **CHAPTER 5**

### **Conclusion and Recommendations**

#### **Introduction**

The previous chapter presented the research findings from the qualitative phenomenological data analysis in a rich descriptive narrative format. This chapter provides responses to the research study questions, a summary of the research study, implications for practice, and recommendations for future research.

#### **Response to Research Questions**

Question 1: What are the experiences of diverse supplier enterprises that participate in supplier diversity development programs?

The experience of the Diverse Supplier Enterprise (DSE) with Supplier Diversity Development Programs can best be understood and explained through the research themes of program expectation and program participation value. Program expectation was based on the understanding held by the Diverse Supplier Enterprise program participant in regards to the program purpose as well as the reason for program participation. A number of the DSE participants held a preconceived notion related to program participation. Even though numerous respondents mentioned that the programs were not a vehicle designed to result in procurement there was still an expectation that

program participation would result in new business for the firm. At the same time there were diverse supplier program participants that went into the development program with more broad based expectations. Education about business operations and processes, along with establishing relationships with potential buyers was another strong expectation of program participants. The one thing that was made clear from the research was that participant expectation was definitely driven by the perceived program purpose. A constant similarity regarding DSE participation was the expectation that something would be gained from Supplier Diversity Development Participation, but as the interview responses indicate there is a variance in regards to just what would be gained and how it would be realized. A number of the Diverse Supplier Enterprise participants referenced having a plan regarding the goal of participation, while a segment of participants seemed to feel that it was the role and responsibility of the Supplier Diversity Development Programs to formulate and execute actionable initiatives and learning objectives directly related and geared towards the respective participant enterprise. The ideas, concepts, and understanding Diverse Supplier Enterprises held regarding the purpose of SDDP, in addition to individual motivation shaped program expectation

There are a variety of different Supplier Diversity Development Programs. Some programs are sponsored by corporations, some by universities or colleges, and others are sponsored by governmental entities like the Small Business Association (SBA) or the Minority Business Development Agency (MBDA). Regardless of the entity there is a perceived implication by program participants that the purpose of these programs is to facilitate and drive procurement. This being the case a number of program participants

correlated the value of the program experience positively or negatively solely based on that outcome. Corporate SDDP was supposed to lead to new or increased procurement with the SDDP facilitating firm, and municipal SDDP was supposed to lead to city, state, or federal procurement. A number of research study participants frame their expectations and motivations on an implicit, and at times definitive understanding of how SDDP program purpose was conveyed or articulated by program facilitators. This misconception has previously been identified in academic literature as a source of inconsistent Supplier Development Program implementation (Pearson et al., 1993) The instance where this was not shown to be the case was when participants paid for the programs themselves or attended SDDP at a university or institution of higher learning.

The expectation research study participants held going into the program then became a major factor in how they experienced and expressed views on Program Participation Value. In cases where program purpose and Diverse Supplier Enterprise motivation did not align with program expectation, a negative perception and viewpoint was created for the DSE program participant. Research study participants who viewed SDDP as means for increased spend with a particular entity referenced the experience with SDDP as negative. Program facilitators, program delivery, and program peer participants were all described in a negative manner when perceived expectations were not met. In comparison the study participants who had no explicit expectation related to procurement viewed program facilitators in a more positive light and described relationships with peer program participants as one of the most valuable components of

the program. Diverse Supplier Enterprises with no procurement expectation also responded positively about SDDP program expectation.

The initial baseline understanding DSE participants held related to expectation definitively impacted participant views on program value, and in turn SDDP experience. The majority of program participants recanted their Supplier Diversity Development Program Experience positively. Participants credited the program with greater levels of understanding regarding business operations, enhanced process refinement, increased awareness regarding the concept of supplier diversity, and better relationships with potential buyers and peers. Those participants without an expectation or agenda bent on procurement recanted positive experiences related to education, relationships and engagement facilitated by SDDP participation.

Overall Diverse Supplier Enterprise research study participants reflected positively on SDDP experience. In experiencing Supplier Diversity Development Programs, DSE participants utilized, actual program delivery, program facilitators, peer program participants, and individual/organizational motivation as a measuring stick for program validity as well as program value. Program expectation directly correlated to program participation value. This being the case SDDPs need to do the following moving forward:

- Present program purpose, curriculum content, and outcome goals in a detailed, transparent, explicit manner.
- Align the implementation and execution of the program with the defined program outcome goals. Ensure that all program stakeholders, both program participants and

program facilitators clearly understand and participate in accordance with expectations and goals.

- Select SDDP participants that match program goals. If a program is designed to drive and supplement organizational procurement strategy, recruit, source, and select program participants that have the capabilities to meet organizational buying qualifications. For example, if a perspective DSE is exclusively a local service provider, but the purchasing organization only procures services from companies with a national footprint then the local DSE should not be selected for SDDP participation in that particular program.
- Peer program participation selection needs to be based on respective enterprise scale and enterprise development maturity. Programs need to focus on bifurcating program participants based on capabilities related to scale and enterprise maturation. If the premise of a program is based on scaling a diverse supplier, the program participants must be equipped with scalable skills and capabilities.
- Programs need to be designed for DSEs of varied scale and developmental maturity levels. Regardless of the targeted enterprise maturation level for program participation, greater program emphasis should be placed on “stronger and better managed minority firms (Bates, 1995).

These initiatives along with continued focus on the best way to align SDDPs with public/private purchasing goals in the Facility Management industry will lead to increased levels of positive DSE experience with SDDP participation.



Question 2: How does Supplier Diversity Development Program participation eliminate or mitigate existing barriers/impediments currently identified in academic literature?

SDDP eliminates and mitigate existing barriers in a number of ways. Academic research has identified impediments and barriers experienced by Diverse Supplier Enterprises (Dollinger et al., 1991; Pearson et al., 1993) The barriers/impediments noted by extant literature are related more commonly to manufacturing companies, and not suppliers in the service based facility management industry. Approximately 93% of the research study participants classified their firms as manufacturers with about 7% being service firms(Pearson et al., 1993). The barriers identified and associated with the majority of the firms studied were (1) diverse suppliers often undercapitalized, (2) “old boy networks for suppliers, (3) difficult for diverse suppliers to get foot in the door, (4) suppliers become disillusioned with corporate bureaucracy, (5) buyers use diverse suppliers to justify statistics, (6) buyers inconsistent in implementing diversity programs, (7) buyers don’t know much about diverse firms, (8) poor governmental enforcement on diverse purchasing regulations, (9) lack of corporate commitment to diverse purchasing programs, and (10) only small volume orders placed with diverse suppliers. By contrast DSEs in the Facility Management industry have technical competence, the ability to navigate procurement and on-boarding processes effectively, and the willingness to execute projects with small scopes and indefinite non-guaranteed service durations. Of the previously identified barriers/impediments in academic literature DSE research participants shared in depth experiences related to the following :

- Access to capital

- Relationships with Purchasing Organizations
- Incumbent Suppliers

These are the current barriers identified and experienced by Diverse Supplier Enterprise research study participants related to soliciting business from LPOs. Supplier Diversity Development Programs are a conduit for relationships and do serve as a means for mitigation of existing barriers/impediments experienced by DSE participants. Program participation facilitates relationship creation and relationship development. A number of research study respondents referenced the importance of relationships and credited SDDP participation as a means for establishing and fostering relationships. SDDP has shown to be an effective agent in regards to that particular barrier, but was not shown to be driver of barrier mitigation in relation to access to capital or incumbents suppliers. Not one DSE research study participant remarked about SDDP participation in reference to mitigating these two barriers/impediments.

This research study identified two emerging barriers experienced by Diverse Supplier Enterprises. The two emerging barriers illuminated by the 20 DSE interview participants are:

- Lack of access to small procurement opportunities
- Stigma associated with SDDP participation

Each of these emerging barriers were identified as major obstacles currently experienced and viewed as growing concern on the horizon. As companies continue to search for greater supply chain efficiency procurement opportunities are sourced through fewer vendors. Contracts are now awarded to national and regional service providers in

the facility management industry instead of localized service providers. The manner by which procurement packages are structured by corporate and municipal purchasing organizations precludes many DSEs from being able to develop competitive service verticals that can meet supply chain demand. These types of procurement strategies and practices are not sustainable.

This is not a sustainable approach for service sector providers that participate in the facility management supply chain. Sometimes the key to problem solving is not a new solution but a new approach (Dollinger et al., 1991). The supply chain needs to be viewed as an ecosystem by purchasing organizations. Suppliers are not the product of the system they are a component of the system. The Facility Management supply chain when viewed from a systems perspective provides tremendous insight into a sustainable solution to meet buyer service offering needs and market demand. The systems based flows of the supply chain are the services they produce and deliver, but the stocks are the financial position, infrastructure, and execution capabilities inherent to the Diverse Supplier Enterprise. Focusing only on the flows and basing your management of the system, or in this case the FM supply chain can have catastrophic consequences (Walker & Salt, 2012). The small diverse supplier never becomes a large supplier, instead they are cannibalized by a system that favors optimization over development, due to the lack of a small scale procurement opportunity generated by the managers of the supply chain system. This in turn stifles the development of the Diverse Supplier Enterprise while at the same time diminishing innovation, resiliency, and efficiency, within the supply chain even though they are indispensable attributes related to supply chain sustainability.

Resilience is defined as the amount of change a system can undergo and maintain the same function or structure (Walker & Salt, 2006). Diversity is an integral component of system resilience, and without diversity in the supply chain the sustainable operations can suffer greater impacts related to uncertainty. In order for any supply chain to maintain sustainable, ongoing healthy operations there must be diversity in service provider size, geographic locale, and service offering capability. If resilience in the supply chain is not embraced and implemented through diversity then a major “shock” to the system can greatly impair its capacity to operate in a sustainable manner. In order for a supply chain to operate sustainably there must always be entrants into the system and large scale procurement, does the exact opposite by minimizing supply chain opportunity and limiting service provider participation. Supply chain sustainability can be achieved without resilience, but only in a weak form. Strong supply chain sustainability and long term value propositions can only be created via a system that favors resilience in the form of diversity.

In addition to large scale procurement many Diverse Supplier Enterprise research study participants sense or feel there is a negative stigma associated with SDDP participation. Diverse businesses experience social limitations, relationship limitations, legacy limitations, and the strongest of all, limitations based on how they are perceived in the marketplace (Gravely, 2014). This negative stigma they feel can be based on a number of factors, a previously unfavorable encounter with or poor performance by a completely separate and unrelated SDDP Diverse Supplier Enterprise participant, or buyer held values and beliefs. The relationship between diverse suppliers and corporate purchasing personnel needs to be better understood (Pearson et al., 1993). The perceived

stigma is then believed to be the source of a lack of trust displayed by the purchasing organization in the Diverse Supplier Enterprises capabilities as a company. Operatives within the purchasing organization view engagements with DSE Supplier Diversity Development Program participants as a forced mandate instead of a supply chain solution. Research has shown that the lower an individual stands on the corporate ladder, the less likely he or she was to endorse impediment reducing activities (Dollinger et al., 1991). As the face of diversity changes, the level of understanding required for LPOs to properly implement SDDPs will change too. Programs based on race and ethnic standards are morphing into programs that focus on greater levels of social and economic disadvantage (Bates, 2001). As this trend continues to grow, LPOs must be prepared and equip themselves with the tools necessary to engage a continually growing diverse population groups. The key to progressing towards more beneficial buyer/supplier relationships is to recognize the needs and abilities of each group so that the two can mutually strive to overcome barriers to cooperation (Pearson et al., 1993). This being the case SDDPs need to provide higher quality DSE supply chain solutions. In order to combat ingrained beliefs and operational malaise related to Diverse Supplier Enterprise capability Supplier Diversity Development Programs must focus on sourcing, training, developing, and promoting “stronger and better” diverse firms (Bates, 1995). Large scale procurement and SDDP participation stigma are two emerging barriers/impediments experienced by Diverse Supplier Enterprises and identified by this research study

Question 3: How do Supplier Diversity Development Programs affect DSE capacity development?

Capacity is the maximum level of value-added activity over a period of time that a process can achieve under normal operating conditions (Gravely, 2014). Greater levels of capacity allow a company to do more with its resources as a result of greater factors of production. In light of this meaning DSE capacity development is impacted in a number of ways by SDDP participation. One of the factors influencing the ability of ethnic minority businesses to diversify out of traditional sectors of low value added activity is their capacity to identify and exploit opportunities in mainstream markets (Ram & Smallbone, 2003).. DSE participants held a relatively universal understanding of capacity in general terms and in relation to their specific business. A major key to that understanding was a direct correlation to Supplier Diversity Development Program participation. A number of the participants in this research study referenced SDDP participation as the mechanism that drove awareness about the concept of capacity and education in regards to how capacity related to business operation. Development of capacity involves ensuring that DSEs have adequate access to education, mentoring, technical consulting, capital and whatever other assistance is needed to enable their success (Greenhalgh & Lowry, 2011). Overall DSE research study participants felt Supplier Diversity Development Programs facilitated awareness and created engagement platforms that educated DSE participants about the role practices, process, and people play in regards to capacity. Supplier Diversity Development Programs push knowledge to the Diverse Supplier Enterprise, and in many cases as reported by research study interview respondents it was knowledge gain related to the concept of capacity that proved to be the most insightful and robust lived experience conveyed by research

participants. As respondents learned more about capacity they were empowered and enabled to view the business enterprise from a different perspective. Diverse Supplier Enterprise research participants described value or benefit related to capacity development from SDDP as either “tangible” or “intangible”. Tangible capacity was referenced as individual/organizational knowledge, process creation/refinement and increased procurement opportunity. Intangible capacity related to Diverse Supplier Enterprise opinions and beliefs regarding feelings, confidence, mind-set, and perspective. Although there were very few tangible or concrete gains tied to capacity impact for SDDP participants in the way of new or increased procurement, there were a number of capacity related impacts experienced as a result of Supplier Diversity Development Program participation. Greater knowledge, increased confidence, enhanced financial acumen, improved people skills, larger network, recalibrated focus, and fresh perspective are all examples of the impact program participation had on DSE capacity. Supplier Diversity Development Programs play a major role in leveling the playing field for Diverse Supplier Enterprises by providing relevant content and training for immediate application and implementation for the qualified firm. Moving forward qualitative goals and criteria with flexibility to allow for many different modes of success are recommended to increase the impact realized by DSEs as a result of Supplier Diversity Development Program participation.

## **Summary of the Research Study**

The purpose of this phenomenological study was to illuminate the Diverse Supplier Enterprise experience as Supplier Diversity Development program participants.

Specifically the primary research questions were:

- What are the experiences of diverse supplier enterprises that participate in supplier diversity development programs?
- How does Supplier Diversity Development Program participation eliminate or mitigate existing barriers/impediments currently identified in academic literature?
- How do Supplier Diversity Development Programs affect DSE capacity development?

Twenty research study participants were selected using criteria, and snow-ball sampling strategies. The research study participants all attended and completed Supplier Diversity Development Programs. Data was collected using an open ended interview guide, and analyzed inductively, using Moustakas's Modification of the Stevic-Colaizzi-Keen Method of Analysis of Phenomenological Data.

The Diverse Supplier Enterprise participants in this study experienced SDDP through a number of various dimensions. The participant experiences related to program expectation were revealed through the understanding held about the purpose of Supplier Diversity Development Programs, and individual motivation for attending such programs by the Diverse Supplier Enterprise. DSE research study participant feelings about program participation value were expressed positively and negatively, through



perspective related to actual program delivery, program facilitators, and peer program participants. The participants provided insight about obstacles impacting growth in the facility management industry by providing responses related to existing barriers and emerging barriers relevant to diverse suppliers. Participant experiences building of relationships on the basis of access and engagement. In addition participant responses associated with capacity development related to awareness, education, and engagement provided by SDDP were expressed via DSE meaning of capacity, tangible capacity, and intangible capacity. Based on the findings from this study, responses to the research study questions were provided. Implications for practice and recommendations for future research conclude this study.

### **Implications for Practice**

The implications for this study relate to both the Diverse Supplier Enterprise that has participated in Supplier Diversity Development Programs and the Diverse Supplier Enterprise that is interested in future participation. This study may also have implications for supplier diversity practitioners charged with creating, implementing, and executing Supplier Diversity Development Programs.

This study identified five themes associated with Diverse Supplier Enterprise participation in Supplier Diversity Development Programs. The themes relate the experiences of diverse suppliers in the facility management industry, but it is possible that diverse suppliers in other industries may have shared or similar experiences. For this reason the study has implications for any purchasing organization that engages diverse suppliers for any diverse supplier that solicits business from large to mid-size purchasing

organizations. An awareness of the DSE experience may improve the current state of practice and drive the creation of Supplier Diversity Development Programs that yield better outcomes more effective and salient diverse supplier development initiatives going forward.

Supplier Diversity Development Program improvement requires a more nuanced view which focuses on conditions that can leverage benefits from diversity (Kochan et al., 2003). SDDPs within the Facility Management industry need to take a more nuanced and focused approach related to holistic program implementation and execution. As a result this research study makes the following recommendations for practice:

- Partnering and Joint Ventures between Tier 1 and Tier 2 suppliers leading into procurement opportunities instead of after
- Ongoing and continued engagement by Supplier Diversity Development Programs with current Diverse Supplier Enterprise program participants and program participant alumni. Engagement should be SDDP to DSE and peer participant to peer participant
- Greater involvement and engagement of procurement operatives and practitioners in SDDP process. Buyers need to learn more about suppliers and build genuine relationships
- Programs need greater integration of small business educators involved with program delivery to provide real world, real time education and feedback.
- Programs need to be designed and implemented to match current learning and capability level of participants. Create learning units appropriate for business

maturity of participants. Focus on quality participants that are positioned to grow capacity, scale, and successfully execute on supply chain service opportunities

- Take a more long range sustainable view of procurement needs and opportunities. Eliminate contract procurement as a goal of program outcome, especially when the supply chain sales cycle is longer than actual program duration.
- Present program purpose, curriculum content, and outcome goals in a detailed, transparent, explicit manner.
- Align the implementation and execution of the program with the defined program outcome goals. Ensure that all program stakeholders, both program participants and program facilitators clearly understand and participate in accordance with expectations and goals.
- Facilitate and create platforms that promote the procurement of goods and services amongst SDDP peer program participants.

## **Conclusion**

This study illuminated the Diverse Supplier Enterprise experience with Supplier Diversity Development Program participation. The goal of SDDP is to educate and engage diverse suppliers in order to facilitate the growth of business capacity. This study shows that SDDP does not automatically improve every program participant or impact every program participant with the same level of effectiveness or in the same manner. In addition this study shows that while SDDP may mitigate barriers/impediments previously identified in academic literature it has not yet been able to effectively address the mitigation of certain barriers. New and emerging barriers/impediments associated with

business growth and capacity development have been identified by this research. In order to improve the Diverse Supplier Enterprise experience with SDDP participation program expectations must be clearly defined and communicated, and at the same time program goals and outcomes must be inextricably linked to the program purpose and overall program goals.

### **Recommendations for Future Research**

This research study evaluated how diverse supplier enterprises experienced Supplier Diversity Development Program Participation utilizing a qualitative phenomenological methodology. This research was focused on diverse supplier enterprises in the facility management industry. It is recommended that the Supplier Diversity Development Program participation experiences of diverse suppliers in other industries be investigated and evaluated utilizing this same research methodology in order to greater understand program experience generalizability.

Case study methodology research should be conducted on specific diverse classification groups to gain greater insight on specific barriers/impediments experienced. Survey research should be conducted on a large diverse supplier population group utilizing the themes identified in this study to statistically correlate what program components are most necessary.

## **APPENDIX A**

### **Glossary of Terms**

#### **Corporate Social Responsibility**

Corporate social responsibility refers to an organization going beyond basic compliance standards and engaging in actions that appear to further some social good beyond the interests of the firm and legal requirements.

#### **Diverse Supplier**

Members of ethnic minority groups, including Black Americans, Hispanic Americans, American Asians, American Indians, American Eskimos, and American Aleuts, all of whom were deemed socially or economically disadvantaged. In addition, modern-day categorizations related to supplier diversity and underutilized population groups include gender, sexual orientation, military service classification, and physical ability.

#### **Facility Management**

In the public sector FM has been synonymous with activities such as public works or plant management, but it is now seen as a valuable management discipline for private sector entities. A well accepted and working definition of facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process, and technology. In addition facilities management is a strategically integrated approach to maintaining, improving and

adapting the buildings and supporting services of an organization in order to create an environment that strongly supports the primary objectives of the organization.

### **Minority Business Enterprise**

Members of ethnic minority groups, including Black Americans, Hispanic Americans, American Asians, American Indians, American Eskimos, and American Aleuts, all of whom were deemed socially or economically disadvantaged.

### **Purchasing Organization**

A large public or private entity that purchases/procures goods and services from external service providers and contractors for the performance and execution of non-core business activities and functions.

### **Supply Chain Management**

Supply chain management was a term that was initially used in wholesaling and retailing to describe the integration of logistics and physical distribution functions with the goal of reducing delivery lead times. It was once seen as a field only concerned with cost reduction but now supply chain management is seen as an area of growth and profit potential within the business.

### **Supplier Diversity**

Supplier diversity refers to the practice of creating opportunities for historically underutilized populations in the workforce and business arena. Supplier diversity

encompasses initiatives specifically designed to increase the number of enterprises owned by people from ethnic minority groups who supply public, private, and/or voluntary sector organizations with goods and services

### **Supplier Diversity Development Programs**

Programs administered by large purchasing organizations. The majority of programs are managed and directed by private corporations or public sector entities, designed and orchestrated with the intent of improving a supplier's ability to successfully respond to procurement opportunities within a public or private sector purchasing organization.

## **APPENDIX B**

### **INVITATION EMAIL**

Dear Subject,

I am a Ph.D. candidate in the College of Architecture, School of Building Construction at the Georgia Institute of Technology, researching Supplier Diversity Development Programs (SDDP) and the impact they may have on capacity growth of Diverse Supplier Enterprises (DSE).

This invitation to participate in the aforementioned research is being extended to you because your business is classified as a diverse supplier enterprise (DSE) and you or members of your firm have participated in Supplier Diversity Development Programs (SDDP). Your experience with these programs is extremely important in helping to provide valuable insight about the nature of these programs from the diverse supplier enterprise (DSE) perspective and will add immeasurable value to the results of the study. I need your assistance and input in helping to develop and finalize my research. I ensure you will find the study extremely informative and valuable.

#### **Summary of Research**

Guided by the existing literature related to supplier diversity, this qualitative phenomenological study will look to investigate the current state of Supplier Diversity Development Programs (SDDP) from the diverse supplier perspective. Primarily this research will look to explore the extent to which SDDPs eliminate or mitigate barriers/impediments to diverse supplier capacity development previously identified in academic literature. This study will explore and evaluate Supplier Diversity Development Programs to serve as guide for (a) public and private organizations in the facility management industry that currently utilize some supplier diversity development programs and (b) organizations seeking to implement SDDPs in the future. An SDDP that facilitates increased levels of diverse supplier capacity development will be of significant value to diverse supplier enterprises as well as the purchasing organizations that procure their goods and services. This research will identify best practices and provide a series of recommendations for the improvement of existing programs and the creation of new Supplier Diversity Development Programs.

This research will attempt to illuminate the manner in which Supplier Diversity Development Programs currently address impediments to a supplier's capacity development. The purpose of this analysis is to evaluate current program structures and investigate how barriers/impediments are approached now and how they could potentially be approached better in the future. The findings from this examination will identify best practices and provide a series of recommendations for the improvement of existing



programs and the creation of new Supplier Diversity Development Programs, by making them a true vehicle for supplier development instead of just a means of purchasing goods and services through a purely transactional engagement. The research process will consist of several phases: (1) identifying and selecting study participants; (2) data collection via participant interviews; (3) data analysis; (4) data verification and validity check; and finally (5) the development of a narrative description that illuminates the diverse supplier experience with SDDPs

At the conclusion of the current study, the researcher intends to develop a narrative description of diverse supplier experiences related to Supplier Diversity Development Programs. The narrative description will (1) illuminate the current state of supplier diversity initiatives in relation to SDDPs from the perspective of the diverse supplier based on actual program participation experiences; (2) identify SDDP activities that facilitate the development of the diverse supplier capacity in addition to mitigating and eliminating barriers/impediments (3) provide best practices and recommendations to guide supplier diversity practitioners charged with creating SDDPs that prioritize supplier development over merely helping buyers meet purchasing quotas (4) Identify new impediments as an addition to the existing body of academic literature (5) provide a qualitative research framework for future research related to supplier diversity and facility management (6) Utilization and expansion of philosophical perspective normally.

In closing I would like to thank you in advance for your consideration and willingness to participate in this research study. The success of this research project hinges on the valuable insight that can be contributed by diverse supplier enterprises such as you that have a wealth of knowledge and information to share. If you have any questions or comments moving forward in regards to participation, please do not hesitate to contact me at mhatcher6@mail.gatech.edu or my faculty advisor at kathy.roper@coa.gatech.edu. I look forward to working with you on this research. Thanks again for your participation.

Michael Hatcher

Ph.D. Candidate

College of Architecture, School of Building Construction

Georgia Institute of Technology

Kathy Roper

Associate Professor

College of Architecture, School of building Construction

Georgia Institute of Technology

## **APPENDIX C**

### **Waiver of Consent**

#### **Evaluating SDDP from the DSE Perspective in the Facility Management Industry**

You are being asked to be a volunteer in a research study. The purpose of this qualitative phenomenological study will be to investigate the current state of Supplier Diversity Development Programs (SDDP) from the diverse supplier perspective. Primarily this research will look to explore the extent to which SDDPs eliminate or mitigate barriers/impediments to diverse supplier capacity development previously identified in academic literature. This study will explore and evaluate Supplier Diversity Development Programs to serve as guide for (a) public and private organizations in the facility management industry that currently utilize some supplier diversity development programs and (b) organizations seeking to implement SDDPs in the future. This research will identify best practices and provide a series of recommendations for the improvement of existing programs and the creation of new Supplier Diversity Development Programs. The interview will take approximately 30-45 minutes to complete. Private data identifying study participants will not be disclosed. In addition all interview data will be stored and maintained in a secure locked place. The risks involved are no greater than those involved in daily activities. You will not benefit or be compensated for joining this study. Study records will be kept confidential to the extent allowed by law. To make sure that this research is being carried out in the proper way, the Georgia Institute of Technology IRB may review study records. The Office of Human Research Protections may also look at study records. If you have any questions about the study, you may contact Kathy Roper at telephone 404-385-4139. If you have any questions about your rights as a research subject, you may contact Ms. Melanie Clark, Georgia Institute of Technology at (404) 894-6942. Your participation in this study is voluntary. You do not have to be in this study if you don't want to be. You have the right to change your mind and leave the study at any time without giving any reason and without penalty. You will be given a copy of this consent form to keep. You do not waive any of your legal rights by agreeing to be in the study. Your completion of this survey provides your consent to participation and is greatly valued. Thank you for participating in this interview.

## **APPENDIX D**

### **Interview Protocol**

Interview Time:

Date:

Location:

Interviewer:

Interviewee:

#### **Project Description Briefing**

This research will attempt to shed light on the manner in which Supplier Diversity Development Programs currently address impediments to a supplier's capacity development. The purpose of this analysis is to evaluate current program structures and investigate how barriers/impediments are approached now and how they could be potentially be approached better in the future. The findings from this examination will identify best practices and provide a series of recommendations for the improvement of existing programs and the creation of new Supplier Diversity Development Programs, by making them a true vehicle for supplier development instead of just a means of purchasing goods and services through a purely transactional engagement.

#### **Questions:**

1. Can you describe in as much detail as possible your experience as a Supplier Diversity Development Program (SDDP) participant?
2. What stands out most about your experience in regards to your participation?

3. Can you tell me about some of the issues/challenges you experience on a day to day basis in regards to running your business and soliciting new business from large purchasing organizations (i.e. corporations, governmental entities)?
4. How did your participation in a Supplier Diversity Development Program (SDDP) help you to more effectively deal with the challenges you experience in your business?
5. How did participation in the Supplier Diversity Development Program(SDDP) impact your business? From your perspective, what is necessary for your company to achieve significant and sustainable growth?
6. What does the term “business capacity” mean to you? How did your participation in a Supplier Diversity Development Program(SDDP) affect or influence your company’s growth trajectory?
7. Overall would you describe your experience as a Supplier Diversity Development Program(SDDP) participant positively or negatively? Please elaborate.

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